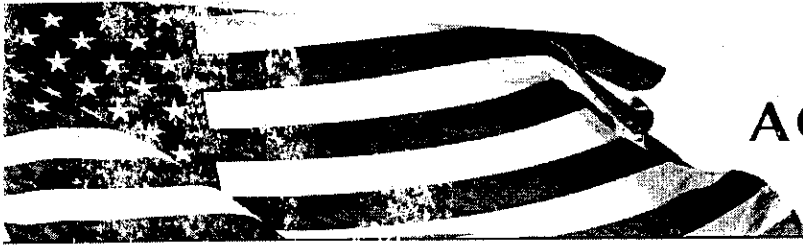


APPENDIX 1-B

CITY OF CHULA VISTA COUNCIL RESOLUTION 2011-073
AND LETTER OF SUPPORT FOR
SALT CREEK SUBSTATION PROPONENT'S
ENVIRONMENTAL ASSESSMENT (PEA)

August 2013



CITY COUNCIL AGENDA STATEMENT



Item No.: A
Meeting Date: 05/03/11

ITEM TITLE: **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA TO ENTER INTO AN AGREEMENT WITH JJJ & K INVESTMENTS TWO, LLC (JJJ & K) TO EXCHANGE 11.64 ACRES OF CITY OWNED LAND FOR 17.8 ACRES OF JJJ & K LAND**

SUBMITTED BY: **ASSISTANT CITY MANAGER *est* DEVELOPMENT SERVICES DIRECTOR**

REVIEWED BY: **CITY MANAGER *PS***

4/5THS VOTE: YES ___ NO X

BACKGROUND

Due to projected growth within the Otay Ranch since its inception in 1993, San Diego Gas and Electric (SDG&E) has identified the need for an additional substation in the eastern portion of the City of Chula Vista. Since 2004, San Diego Gas and Electric (SDG&E) and the City of Chula Vista have been meeting to identify the best location for a new electric substation within the Otay Ranch. Among the considerations for identifying an appropriate location for a new electric substation site were the following:

- close to the existing SDG&E electric easements to minimize additional above ground improvements;
- appropriate acreage and access;
- facility could be constructed and in-service at time of need, and
- minimized visual impacts.

With the projected electric load center being located in the Eastern Urban Center (EUC), the City and SDG&E narrowed their search to several parcels near the EUC. Ultimately, a parcel immediately south of Hunte Parkway and immediately west of their existing electric easements within Otay Ranch (Proposed Substation site - Attachment 1) was determined to be the best location. The land is owned by the City of Chula Vista and was given to the City for use as a

University site by Brookfield Shea Otay as part of the Development Agreement for the adjacent Village 11. The site met all of the location requirements for a substation and could be designed in such a manner as to utilize an existing access road (with some improvements) and minimize visual impacts due to the site being located below the grade elevation of Hunte Parkway. The City worked with SDG&E over the next several years to analyze a site plan that would be acceptable to all parties.

While the deal for the substation site was never finalized with SDG&E, negotiations with JPB Development (James P. Baldwin) for University land included the same parcel. In May 2008, the City entered into a Land Offer Agreement (LOA) with JPB that included this parcel being traded for acreage that would become part of a University site. As a result of the JPB agreement, this parcel was identified for residential development and was not assumed to include the substation.

DISCUSSION

Subsequent to the Land Offer Agreement, the City of Chula Vista, JPB and SDG&E have determined that the subject site is the best location for an electric substation. This determination was based upon the consideration of future energy needs and anticipated development proposals. The property exchange will provide an opportunity for the City of Chula Vista to have developable university property at the intersection of Eastlake Parkway and Hunte Parkway in advance of full entitlements of the University Villages project.

The Real Property Exchange Agreement in Attachment 2 will formalize the land exchange between the City of Chula Vista and JJJ&K investments. Said agreement has been reviewed and found to be acceptable to both parties.

ENVIRONMENTAL REVIEW

The Environmental Review Coordinator has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary. The project itself will be subject to full environmental review once submitted.

RECOMMENDATION

That the City Council adopt the resolution.

BOARDS/COMMISSION RECOMMENDATION N/A.

DECISION-MAKER CONFLICTS

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action.

CURRENT YEAR FISCAL IMPACT

There will be no net fiscal impact to the General Fund from this work effort.

ON-GOING FISCAL IMPACT

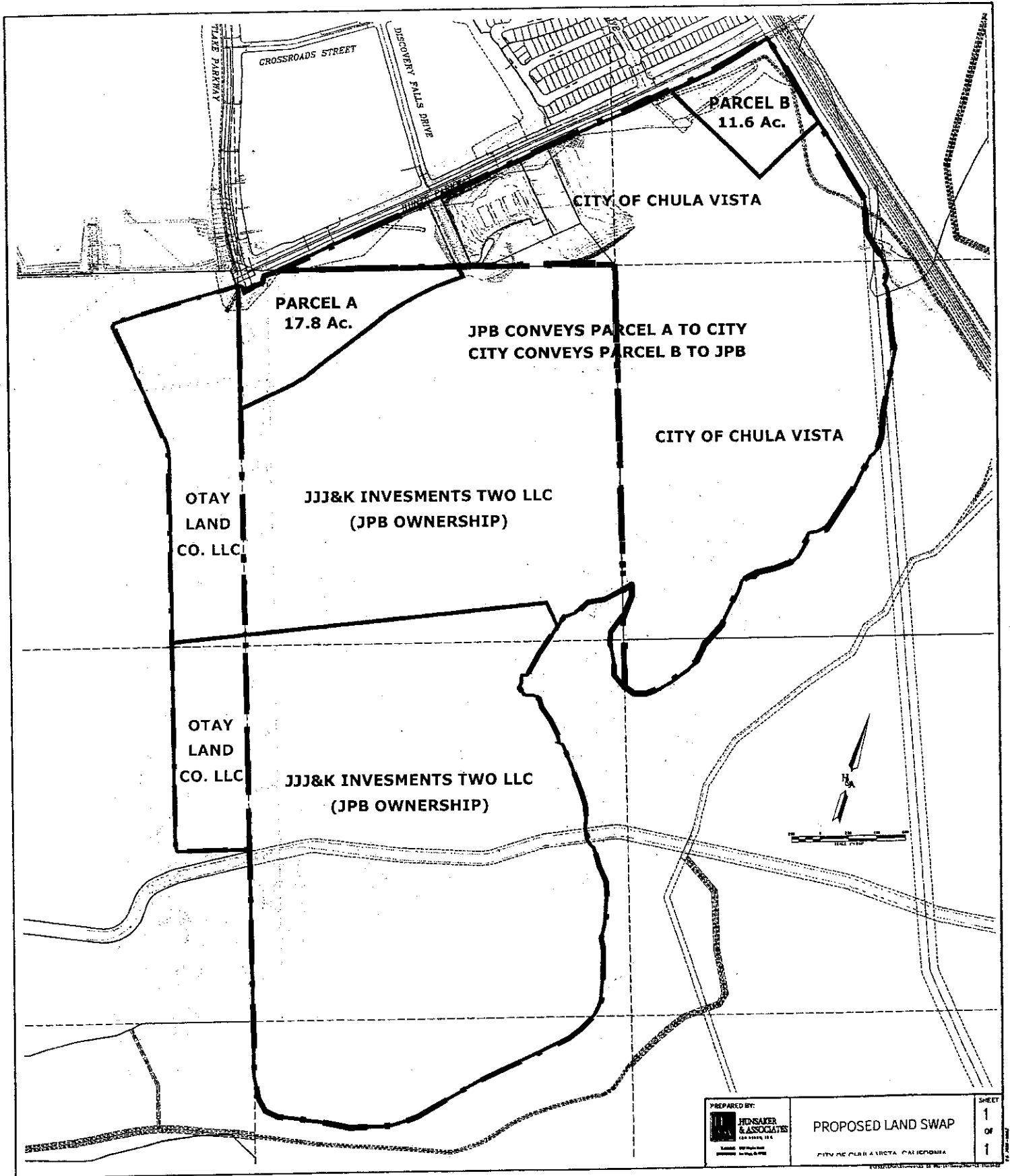
There will not be an on-going fiscal impact associated with this action since the action does not commit the City of Chula Vista to the expenditure of any City funds.

ATTACHMENTS

1. Project location/ownership map
2. Real Property Exchange Agreement

prepared by: Steve Power, AICP Principal Planner, Planning & Building Dept.

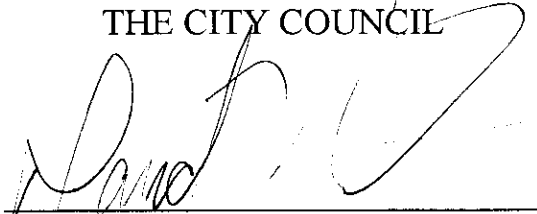
PROPOSED LAND SWAP - EXISTING OWNERSHIP



| | | |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------|
| PREPARED BY: HUNSAKER & ASSOCIATES 120 SOUTH 12th SUITE 200 CHULA VISTA, CA 92011 | PROPOSED LAND SWAP CITY OF CHULA VISTA, CALIFORNIA | SHEET 1 OF 1 |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------|

L:\Planning\Dev\JPB & CV_Proposed_Land_Swap.dwg

THE ATTACHED AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM BY THE CITY
ATTORNEY'S OFFICE AND WILL BE
FORMALLY SIGNED UPON APPROVAL BY
THE CITY COUNCIL



Glen R. Googins
City Attorney

Dated: 4/28/11

REAL PROPERTY EXCHANGE AGREEMENT
BETWEEN
THE CITY OF CHULA VISTA AND
JJJ & K INVESTMENTS TWO, LLC

REAL PROPERTY EXCHANGE AGREEMENT
[and Joint Escrow Instructions]

This REAL PROPERTY EXCHANGE AGREEMENT ("Agreement"), dated as of _____, solely for identification purposes, is made and entered into by and between the City of Chula Vista, a municipal corporation (hereinafter called "City"), and JJJ & K Investments Two, LLC a Delaware limited liability company (hereinafter called "JJJ & K"). The effective date of this Agreement shall be the date this Agreement is approved by the Chula Vista City Council ("Effective Date")

WHEREAS, City desires to acquire fee interest in a portion of JJJ & K's real property currently identified as San Diego County Assessor's Parcel No. 644-080-10 for University related uses or other public purposes;

WHEREAS, JJJ & K desires to acquire fee interest in a portion of City's real property currently identified as San Diego County Assessor's Parcel No 644-080-15 in exchange for their above described property; and

WHEREAS, the transaction contemplated under this Agreement is for the benefit of the public and in the furtherance of the public purposes of the City.

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

ARTICLE I
RECITALS

101. Description of the Exchange Property. City is the owner of that certain real property located within the City of Chula Vista, County of San Diego, State of California as identified herein and more fully described in Exhibit "A" and shown on a sketch thereof marked Exhibit "B", respectively attached hereto and incorporated herein. For the purposes of this Agreement said real property is herein after referred to as the "Exchange Property".

102. Description of Reciprocal Property. JJJ & K is the owner of real property located within the City of Chula Vista, County of San Diego, State of California as identified herein and more fully described in Exhibit "C" and shown on a sketch thereof marked Exhibit "D", respectively attached hereto and incorporated herein. For the purposes of this Agreement said real property is herein after referred to as the "Reciprocal Property".

103. Status and Powers of JJJ & K. JJJ & K is the legal and lawful owner of the Reciprocal Property pursuant to the laws of the State of California and is authorized by the laws of the State of California to transfer the Reciprocal Property to the City and perform the actions and duties of JJJ & K as more particularly described herein.

104. Status and Powers of City. City is a municipal corporation organized and existing pursuant to the Constitution and statutes of the State of California and is the legal and lawful owner of the Exchange Property. Subject to the approval of its City Council, City is authorized to enter into this Agreement, transfer the Exchange Property to JJJ & K and perform the actions and duties of the City as more particularly described herein.

105. **Purpose of Agreement.** JJJ & K desires to trade the Reciprocal Property for the Exchange Property, and City desires to trade the Exchange Property for the Reciprocal Property, on the terms and conditions in this Agreement.

106. **Public Benefit.** This Agreement is for the benefit of the public and is in furtherance of the public purposes of City. The City desires to acquire the Reciprocal Property for University related uses or other public purposes. City is authorized to acquire property for public purposes, including, without limitation, for the purposes stated herein.

ARTICLE II DEFINITIONS AND GENERAL PROVISIONS

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

202. **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 *Real Property Exchange Agreement*.

203. **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 III EXCHANGE OF PROPERTY

301. **Exchange of Property.** JJJ & K agrees to trade the Reciprocal Property and City agrees to trade the Exchange Property on the terms and conditions in this Agreement.

302. **Purchase Price.** JJJ & K and City are conveying their respective property to each other and acquiring each other's respective property in exchange.

ARTICLE IV CONDITIONS PRECEDENT

401. **Conditions Precedent to Closing.** JJJ & K's obligation to trade the Reciprocal Property to City and City's obligation to trade the Exchange Property to JJJ & K are subject to the following conditions precedent ("Conditions Precedent"). Subject to each other's rights under Article VII "ESCROW", if any of the Conditions Precedent have not been fulfilled within the applicable time periods the party for whose benefit such condition exists may:

- (a) Waive the condition and close escrow in accordance with this Agreement;
- (b) Terminate this Agreement by written notice to the other party.

402. Title. Unless otherwise specified in this Agreement, JJJ & K shall convey fee title to the Reciprocal Property to City by Grant Deed free and clear of all liens and encumbrances, except as provided in Section 403 of this Agreement. Likewise, City shall convey fee title in the Exchange Property to JJJ & K by Grant Deed free and clear of all liens and encumbrances, except as provided in Section 403 of this Agreement.

403. Preliminary Title Report. Chicago Title Company ("Title Company") issued preliminary title report No. 930022242-U50 dated April 4, 2011 for the Exchange Property ("Exchange Report") attached hereto as Exhibit F and preliminary title report No. 930022223-U50 dated March 25, 2011, for the Reciprocal Property ("Reciprocal Report") attached hereto as Exhibit G containing such exceptions as the Title Company would specify in a California Land Title Association ("CLTA") standard policy of title insurance, together with copies of all exceptions and plotted easements and the documents supporting the exceptions (hereinafter collectively called "supporting documents"). City has reviewed the Exchange Report and has accepted all matters of title set forth therein with the exception of Items No. 14 and 15 (the deed of trust and financing statement recorded in conjunction with the \$110,000,000 Lehman loan.. JJJ&K has reviewed the Reciprocal report and has accepted all matters of title set forth therein.

JJJ & K with regard to the Reciprocal Property and City with regard to the Exchange Property (if applicable) shall be obligated to pay all current property taxes and assessments to the date of closing. The parties recognize that certain monetary encumbrances such as existing deeds of trust, tax liens, 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, neither City nor JJJ & K shall alter the condition of title without the express written consent of the other party.

404. Title Policies. On or before the Close of Escrow, JJJ & K and City shall have received evidence that Title Company is ready, willing, and able to issue, upon payment of the Title Company's regularly scheduled premium separate California Land Title Association (CLTA) standard policies of title insurance, showing title to the Exchange Property vested in the name of JJJ & K and title to the Reciprocal Property vested in the City of Chula Vista subject only to:

- (a) Non-delinquent general, special, and supplemental property taxes or assessments constituting a lien at Close of Escrow;
- (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;
- (c) Covenants, conditions, reservations, restrictions, easements or other matters appearing as exceptions in the Preliminary Report as approved by City or JJJ & K pursuant to this Agreement; and
- (d) Any lien voluntarily imposed by City on the Reciprocal Property or by JJJ & K on the Exchange Property as of the Close of Escrow.

405. Physical Condition of the Property.

(a) By execution of this Agreement City acknowledges that it has inspected, reviewed and approved the physical condition of the Reciprocal Property. JJJ & K shall not cause the physical condition of the Reciprocal Property to deteriorate or adversely change prior to the Close of Escrow, normal wear and tear excepted, without the prior written consent of City. City further agrees that the Reciprocal Property is being traded in its "As-Is", "Where-is" and "All-Faults" condition. City is obligated to investigate, inspect and analyze the physical condition of the Reciprocal Property and the effect of any zoning, map, permits, reports, engineering data, regulations, ordinances, and laws effecting City's intended use of the Reciprocal 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 Reciprocal Property.

(b) By execution of this Agreement, JJJ&K acknowledges that it has inspected, reviewed and approved the physical condition of the Exchange Property. City shall not cause the physical condition of the Exchange Property to deteriorate or change prior to the Close of Escrow normal wear and tear excepted, without the prior written consent of JJJ & K. JJJ & K further agrees that the Exchange Property is being traded in its "As-Is", "Where-is" and "All-Faults" condition. JJJ & K is obligated to investigate, inspect and analyze the physical condition of the Exchange Property and the effect of any zoning, map, permits, reports, engineering data, regulations, ordinances, and laws effecting JJJ & K's intended use of Exchange 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 Exchange Property.

(c) JJJ & K hereby consents to entry upon the Reciprocal Property by City or its officers, employees, contractors and agents for the purpose of conducting physical inspections and tests. City agrees to defend, indemnify and hold JJJ & K harmless from all liabilities, costs and expenses resulting directly from City's inspections and tests. If City alters the physical condition of the Reciprocal Property and Escrow does not close, City shall restore the Reciprocal Property to the condition existing before City's inspections or tests.

(d) City hereby consents to entry upon the Exchange Property by JJJ & K or its officers, employees, contractors and agents for the purpose of conducting physical inspections and tests. JJJ & K agrees to defend, indemnify and hold City harmless from all liabilities, costs and expenses resulting directly from JJJ & K's inspections and tests. If JJJ & K alters the physical conditions of the Exchange Property and Escrow does not close, JJJ & K shall restore the Exchange Property to the condition existing before JJJ & K's inspections or tests.

406. Property Documents.

(a) JJJ & K has delivered to City current copies of all permits, soils reports, licenses, maintenance contracts, utility contracts, operating contracts, leases, service contracts, and other contracts pertaining to the Reciprocal Property, if any ("Reciprocal Property Documents"). City has reviewed and approved each Reciprocal Property Document to the extent that it desires. On or before the Close of Escrow, JJJ & K shall assign to City all of JJJ & K's rights and remedies under the Reciprocal Property Documents, to the extent assignable and related to the respective property, pursuant to an assignment of contracts, warranties, guarantees, and other intangible property in form and substance as mutually acceptable to the parties. At the request of City, the assignment of contracts shall exclude JJJ & K's rights under any Reciprocal Property Documents designated by City. At request of City, JJJ & K shall use good faith efforts to obtain the consent to assignment of any other parties to the Reciprocal Property Documents as specified by City. At the request of City, if permissible under such

document, JJJ & K shall terminate any Reciprocal Property Document designated by City by delivering notices to the other party under the Reciprocal Property Document in sufficient time to terminate the Reciprocal Property Document prior to the Close of Escrow.

(b) City has delivered to JJJ & K current copies of all permits, soils reports, licenses, maintenance contracts, utility contracts, operating contracts, leases, maintenance contracts, service contracts, and other contracts pertaining to the Exchange Property, if any ("Exchange Property Documents"). JJJ & K has reviewed and approved each Exchange Property Document to the extent it desires. On or before the Close of Escrow, if applicable, City shall assign to JJJ & K all of City's rights and remedies under the Exchange Property Documents, to the extent assignable, pursuant to an assignment of contracts, warranties, guarantees, and other intangible property in form and substance mutually acceptable to the parties. At the request of JJJ & K, the assignment of contracts shall exclude City's rights under any Exchange Property Documents designated by JJJ & K. At request of JJJ & K, City shall use good faith efforts to obtain the consent to assignment of any other parties to the Exchange Property Documents as specified by JJJ & K. At the request of JJJ & K, if permissible under such document, City shall terminate any Exchange Property Document designated by JJJ & K by delivering notices to the other party under the Exchange Property Document in sufficient time to terminate the Exchange Property Document prior to the Close of Escrow.

407. Nonforeign Affidavit. If applicable, on or before the Close of Escrow, JJJ & K shall execute and deliver to City a nonforeign affidavit as required by the Foreign Investment In Real Property Tax Act (FIRPTA) [42 USC § 1445].

408. JJJ & K's Obligations. JJJ & K is obligated to the performance of every material covenant, agreement, and promise to be performed by JJJ & K pursuant to this Agreement and the related documents executed or to be executed by JJJ & K.

409. JJJ & K's Representations. JJJ & K represents the truth and accuracy of all its representations and warranties as set forth in this Agreement or in documents provided by JJJ & K under this Agreement.

410. City's Obligations. City is obligated to the performance of every material covenant, agreement, and promise to be performed by City pursuant to this Agreement and the related documents executed or to be executed by City.

411. City's Representations. City represents the truth and accuracy of all its representations and warranties as set forth in this Agreement or in documents provided by City under this Agreement.

ARTICLE V CITY AND JJJ & K'S REPRESENTATIONS AND WARRANTIES

501. Time. The representations and warranties by City and JJJ & K in this Article are made as of the date of this Agreement and as of the Close of Escrow.

502. Title.

(a) JJJ & K is the legal and equitable owner of the Reciprocal Property, with full right to convey. JJJ & K has not previously conveyed title to the Reciprocal Property to any other person. JJJ & K has not granted any options or rights of first refusal or rights of first offer to third parties to

purchase or otherwise acquire an interest in the Reciprocal Property. JJJ & K has obtained a Preliminary Title Report indicating that the Reciprocal Property is free and clear of all liens, encumbrances, claims, demands, easements, leases, agreements, covenants, conditions, or restrictions of any kind, except for the exceptions set forth in the Preliminary Report and in Section 402 of this Agreement. To the knowledge of JJJ & K there are no leases, license agreements or other encumbrances affecting the Reciprocal Property. JJJ & K has obtained (or will obtain as of Close of Escrow) all required consents, permissions or releases to convey good and marketable title to City.

(b) City is the legal and equitable owner of the Exchange Property, with full right to convey. City has not previously conveyed title to the Exchange Property to any other person. City has not granted any options or rights of first refusal or rights of first offer to third parties to purchase or otherwise acquire an interest in the Exchange Property. The Exchange Property is free and clear of all liens, encumbrances, claims, demands, easements, leases, agreements, covenants, conditions, or restrictions of any kind, except for the exceptions set forth in the Preliminary Report and in Section 402 of this Agreement. City has obtained (or will obtain as of Close of Escrow) all required consents, permissions or releases to convey good and marketable title to JJJ & K.

503. Hazardous substances.

(a) To JJJ & K's actual knowledge the Reciprocal Property is free from Hazardous Substances and is not in violation of any Environmental Laws. JJJ & K has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Reciprocal Property is or has been in violation of any Environmental Law, or informing JJJ & K that the Reciprocal Property is subject to investigation or inquiry regarding Hazardous Substances on the Reciprocal Property or the potential violation of any Environmental Law.

(b) To City's actual knowledge the Exchange Property is free from Hazardous Substances and is not in violation of any Environmental Laws. City has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Exchange Property are or have been in violation of any Environmental Law, or informing City that the Exchange Property is subject to investigation or inquiry regarding Hazardous Substances on the Exchange Property or the potential violation of any Environmental Law.

504. Violation of Law.

(a) To JJJ & K's actual knowledge, no condition on the Reciprocal Property violates any health, safety, fire, environmental, building, zoning or other federal, state, or local law, code, ordinance, or regulation.

(b) To City's actual knowledge, no condition on the Exchange Property violates any health, safety, fire, environmental, building, zoning or other federal, state, or local law, code, ordinance, or regulation.

505. Litigation.

(a) To JJJ & K's actual knowledge there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Reciprocal Property or which may adversely affect JJJ & K's ability to fulfill the obligations of this Agreement.

(b) To City's actual knowledge there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Exchange Property or which may adversely affect City's ability to fulfill the obligations of this Agreement.

506. Bankruptcy. No filing 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 JJJ & K.

507. No defaults.

(a) To JJJ & K's actual knowledge, JJJ & K is not in default of JJJ & K's obligations or liabilities pertaining to the Reciprocal Property. To JJJ & K's actual knowledge, there are no facts, circumstances, conditions or events, which after notice or lapse of time would constitute default. JJJ & K 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 JJJ & K's obligations or liabilities pertaining to the Reciprocal Property.

(b) To City's actual knowledge, City is not in default of City's obligations or liabilities pertaining to the Exchange Property. To City's actual knowledge, there are no facts, circumstances, conditions or events, which after notice or lapse of time would constitute default. City 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 City's obligations or liabilities pertaining to the Exchange Property.

508. Special Studies Zone. Neither the Exchange Property nor the Reciprocal Property are 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).

509. Foreign Investment Real Property Tax Act. JJJ & K is not a "foreign person" within the meaning of 42 USC § 1445(f)(3). JJJ & K understands and agrees that the certification made in this Section 509 may be disclosed to the Internal Revenue Service by City 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.

510. Disclosure.

(a) Any information that JJJ & K has delivered to City either directly or through JJJ & K's agents or employees, is complete and accurate to the best of JJJ & K's actual knowledge. JJJ & K has disclosed to City all material facts with respect to the Reciprocal Property to which JJJ & K has access.

(b) Any information that City has delivered to JJJ & K either directly or through City's agents or employees, is complete and accurate to the best of City's actual knowledge. City has

disclosed to JJJ & K all material facts with respect to the Exchange Property to which City has access.

ARTICLE VI COVENANTS

601. Power to Enter Into Agreements.

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

602. No Violation of Other Agreements.

(a) JJJ & K 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 JJJ & K is a party or by which JJJ & K is bound, or constitutes a default under any of the foregoing, including, but not limited to, that certain Land Offer Agreement dated August 17, 2010, by and between JJJ&K ; OV Three Two, LLC and City ("LOA"). JJJ&K and City hereby covenant, agree, represent and warrant to each other that the execution of this Agreement and/or the consummation of the transaction contemplated hereunder shall in no way give rise to any claim by either party that the LOA has been breached or that either party has defaulted thereunder.

(b) City 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 City is a party or by which City is bound, or constitutes a default under any of the foregoing, including, but not limited to, that certain Land Offer Agreement dated August 17, 2010, By and Between JJJ&K ; OV Three Two, LLC and City ("LOA"). JJJ&K and City hereby covenant, agree, represent and warrant to each other that the execution of this Agreement and/or the consummation of the transaction contemplated hereunder shall in no way give rise to any claim by either party that the LOA has been breached or that either party has defaulted thereunder.

603. Brokers. JJJ & K and City mutually covenant that no brokerage or real estate agent fees or commissions shall be due and payable on account of this transaction, and each party shall hold the other harmless from any claims for such fees or commissions claimed by a broker or real estate agent claiming through the party.

604. Litigation.

(a) JJJ & K shall immediately notify City of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, of which JJJ & K has actual knowledge which might affect the Reciprocal Property, or any interest of City with respect to the Reciprocal Property.

(b) City shall immediately notify JJJ & K of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, of which City has actual knowledge, which might affect the Exchange Property, or any interest of JJJ & K with respect to the Exchange Property.

605. Indemnification.

(a) JJJ & K shall indemnify, defend and hold City harmless from all liability, loss, or claim for damages, and any costs and reasonable attorney's fees associated therewith, arising from breach of JJJ & K's covenants under this Agreement, or from JJJ & K's false representations under this Agreement, except for any liability, loss, or claims for damages to the extent resulting from the sole and active negligence or willful misconduct of City or City's officers or employees.

(b) City shall indemnify, defend and hold JJJ & K 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, or from City's false representations under this Agreement, except for any liability, loss, or claims for damages to the extent resulting from the sole negligence or willful misconduct of JJJ & K or JJJ & K's officers or employees.

The provisions of this Section 606 shall survive the Close of Escrow.

**ARTICLE VII
ESCROW**

701. Establishment of Escrow. Escrow No. _____ for the close of the trade of the Exchange Property and the Reciprocal Property has been opened with the Title Company ("Escrow Agent"). 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 JJJ & K and City. JJJ & K and City 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.

702. Closing. The Grant Deeds shall be recorded and the Exchange Property transferred from City to JJJ & K and the Reciprocal Property transferred from JJJ & K to City ("Close of Escrow") after City and JJJ & K, as applicable, each has either approved or waived each Condition Precedent, and then on or before Ninety (90) days Close of Escrow shall occur ("Closing Deadline"). Unless the Close of Escrow is extended by written agreement of the parties, Escrow shall close no later than the Closing Deadline.

703. Closing Deposits. On or before the Close of Escrow, JJJ & K and City shall deposit with Escrow Agency the following documents and shall close Escrow as follows:

- (a) JJJ & K shall deposit with Escrow Agent the following:
 - (i) The executed and acknowledged original of the Grant Deed conveying the Reciprocal Property from JJJ & K to City;
 - (ii) The original Nonforeign Affidavit executed by JJJ & K;

- (iii) The originals of all Reciprocal Property Documents;
 - (iv) The original assignment of all contracts or leases and the original or true copies of all contracts or leases assigned;
 - (v) 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 JJJ & K's representations, covenants, and warranties made in or pursuant to this Agreement are correct as of the Close of Escrow;
 - (vi) Any funds necessary to pay JJJ & K's share of closing costs as set forth in this Agreement or the escrow instructions; and
 - (vii) Any other documents or funds required of JJJ & K to close Escrow in accordance with this Agreement.
- (b) City shall deposit with Escrow Agent the following:
- (i) An original executed and acknowledged Grant Deed conveying the Exchange Property from City to JJJ & K;
 - (ii) The originals of all Exchange Property Documents, except for those documents which by law City must keep in its custody;
 - (iii) The original assignment of all contracts or leases and the original or true copy of all contracts or leases assigned;
 - (iv) Any funds necessary to pay City's share of closing costs as set forth in this Agreement or the escrow instructions;
 - (v) A certificate executed by City providing that all conditions to Close of Escrow that JJJ & K 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; and
 - (vi) Any other document or funds required of City to close Escrow in accordance with this Agreement.

704. Acceptance Certificate. Prior to the Close of Escrow and the recording of the Grant Deeds, City shall affix a duly executed Certificate of Acceptance to the original Grant Deed acknowledging the acceptance of the Reciprocal Property. In the event JJJ & K deposits said Grant deed into Escrow without said certificate, the Escrow Agent is hereby instructed to forward the original of the Grant Deed to City so that the certificate may be affixed thereto prior to the recording of the Grant Deed, within five (5) business days after receipt of the Grant Deed from the Escrow Agent, City shall return the original Grant Deed (with the certificate affixed).

705. Closing Costs.

(a) JJJ & K shall pay all of the real property transfer taxes and documentary transfer taxes payable upon recordation of the Grant Deed conveying title to the Exchange Property from

City to JJJ & K, and any sales, use or ad valorem taxes connected with the Close of Escrow on the Exchange Property.

(b) City shall pay all of the real property transfer taxes and documentary transfer taxes (if any) payable upon recordation of the Grant Deed conveying title to the Reciprocal Property from JJJ & K to City, and any sales, use or ad valorem taxes connected with the Close of Escrow on the Reciprocal Property.

(c) JJJ & K and City shall each pay one-half of the Escrow Agent's normal and customary fees. Each party shall be responsible for any special or extraordinary escrow fees for services benefiting or provided at the request of the respective party. JJJ & K and City shall each pay their respective title insurance premium and the cost of recording the respective Grant Deed, if any.

706. Property Taxes and Prorations. JJJ & K shall be solely responsible for bringing the Reciprocal Property's real property taxes current as of the Close of Escrow and City shall have no liability for payment of taxes. City shall be responsible for providing notice to the appropriate taxing agency or agencies of the acquisition of the Reciprocal Property and for filing the appropriate request for cancellation of real property taxes.

707. Possession. Right to possession of the Exchange Property by JJJ & K and to the Reciprocal Property by City shall transfer at Close of Escrow.

ARTICLE VIII MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS

801. Intentionally Omitted

802. 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.

803. Assignment.

(a) JJJ & K 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 City.

(b) City hereby reserves the right, power, or authority to assign or mortgage this Agreement or any portion of this Agreement to another governmental agency with the power to acquire the property under the same terms and conditions as City, or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntarily or by operation of law without JJJ & K's prior written approval.

804. Preservation and Inspection of Documents. Documents received by JJJ & K or City 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.

805. 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 JJJ & K and City 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 JJJ & K or City shall be for the sole and exclusive benefit of JJJ & K and City.

806. 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.

807. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in certified form with postage fully prepaid:

If to City:

CITY OF CHULA VISTA
Rick Ryals, Real Property Manager
276 Fourth Avenue
Chula Vista, CA 91910

Copy to:

CITY OF CHULA VISTA
Attn: City Attorney
276 Fourth Avenue
Chula Vista, CA 91910

If to JJJ & K:

JPB Development
Rob Cameron
1392 E. Palomar Street, Suite 202
Chula Vista, CA 91913

Copy to:

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

808. Binding Effect. Without waiver of Section 803, this Agreement shall inure to the benefit of and shall be binding upon JJJ & K, City, and their respective successors and assigns.

809. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Agreement on the part of JJJ & K or City 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.

810. 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.

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

812. JJJ & K and City Representatives. Whenever under the provisions of this Agreement the approval of JJJ & K or City is required, or JJJ & K or City are required to take some action at the request of the other, such approval of such request may be given for JJJ & K by an Authorized Officer/Representative of JJJ & K and for City by an Authorized Officer of City, and any party hereto shall be authorized to rely upon any such approval or request, unless by City Charter or Municipal Code such action is required to be approved by another individual or body.

813. Form of Certificate of Officers. Every certificate with respect to compliance with a condition or covenant provided for in this Agreement and which is precedent to the taking of any action under this Agreement shall include:

(a) A statement that the person making or giving such certificate has read such covenant or condition and the definitions herein relating thereto;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;

(c) A statement that, in the opinion of the signer, signer has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) A statement as to whether, in the opinion of the signer, such condition or covenant has been complied with.

A certificate may be based, insofar as its relates to legal matters, upon a certificate or opinion of or representations by counsel, unless the persons providing the certificate know that the certificate or representations with respect to the matters upon which the certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

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

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

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

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

818. 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.

819. Attorney 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. 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 JAMS in San Diego County. The cost of mediation shall be shared equally by the parties.

820. Administrative Claims Requirements and Procedures. No suit or arbitration shall be brought arising out of this Agreement, against the City unless a claim has first been presented in writing and filed with the City and acted upon by the City in accordance with the procedures set forth in Chapter 1.34 of the Chula Vista Municipal Code, as same may from time to time be amended, the provisions of which are incorporated by this reference as if fully set forth herein, and such policies and procedures used by the City in the implementation of same.

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

822. Survival. JJJ & K's representations and warranties, City'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.

822. Execution of Agreement. This Agreement is executed in two (2) duplicate copies, each of which is deemed to be an original. This Agreement includes pages 1 through 16, and Exhibit A through Exhibit C, which constitutes the entire understanding and agreement of the parties.

823. Advice of Legal Counsel. The parties have had the opportunity to seek the advice of independent legal counsel prior to executing this Agreement. The parties acknowledge that no party, agent or attorney of any party has made a promise, representation or warranty whatsoever, express or implied, not contained herein concerning the subject matter of this Agreement to induce the other party to execute this Agreement. Each party acknowledges that it has not executed this Agreement in reliance upon any promise, representation or warranty not contained herein.

824. Signatories. Each individual signing below represents and warrants that he/she has the authority to execute this Agreement on behalf of and bind the party he/she purports to represent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their duly authorized officers as of, but not necessarily on, the Effective Date of this Agreement.

CITY
City of Chula Vista, a municipal corporation

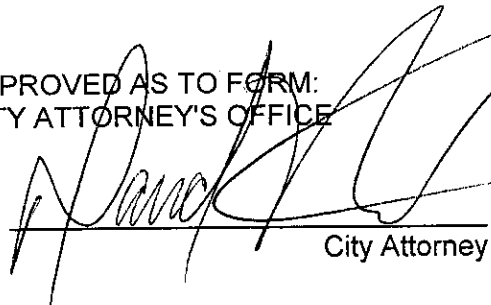
JJJ & K

By: _____
Mayor

By:  _____

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

Date: 4/08/11

By:  _____
City Attorney

By: _____

Date: _____

EXHIBIT "A"
Description of the Exchange Property

**SUBSTAION SITE
EXHIBIT 'A'**

Legal Description
(Otay Ranch Substation)

That portion of Lot 9 of Otay Rancho, in the City of Chula Vista, County of San Diego, State of California, according to Map thereof No. 862, filed in the Office of the San Diego County Recorder, February 7, 1900, being more particularly described as follows:

Commencing at a 2 inch iron pipe with 3/4 inch disc stamped "LS 7322" in a well monument at the intersection of Hunte Parkway and Exploration Falls Drive as shown on Chula Vista Tract No. 01-11, Otay Ranch Village 11 "A" Map No. 3, Map No. 15233, filed in said Office of the County Recorder, December 28, 2005, as File No. 2005-1108498 of Official Records, said 2 inch iron pipe bears North 48°26'26" East, 1670.42 feet (Record 1670.47 feet) from a 2 inch iron pipe with 3/4 inch disc stamped "LS 7322" in a well monument on the centerline of said Hunte Parkway; thence along said centerline North 48°26'26" East, 218.81 feet; thence leaving said centerline South 41°33'34" East, 64.00 feet to a point on the Southeasterly Right-of-way (64.00 feet wide) of said Hunte Parkway, said point also being the TRUE POINT OF BEGINNING; thence along said Southeasterly Right-of-way North 48°26'26" East, 160.00 feet to the beginning of a tangent 2864.00 foot radius curve concave Northwesterly; thence Northeasterly along said curve through a central angle of 08°03'15" an arc distance of 402.60 feet; thence continuing along said Southeasterly Right-of-way North 40°23'11" East, 137.10 feet to a point on the Southwesterly Right-of-way of a 120.00 foot wide easement granted to San Diego Gas and Electric Company, recorded January 29, 1997, as File No. 1997-0038452 of Official Records; thence along said Southwesterly Right-of-way South 49°37'03" East, 737.56 feet; thence leaving said Southwesterly Right-of-way South 34°03'30" West, 503.85 feet; thence North 70°30'00" West, 697.04 feet; thence North 34°22'33" West, 199.55 feet to the TRUE POINT OF BEGINNING.

Containing 11.640 acres more or less.

Prepared By:

Nolte Associates, Inc.

Jeffrey J. Safford 3/30/2011
Jeffrey J. Safford, L6703 Date

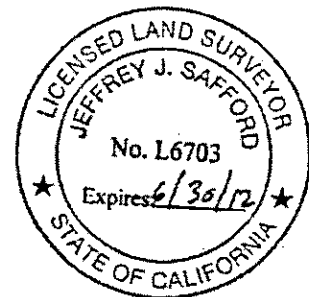
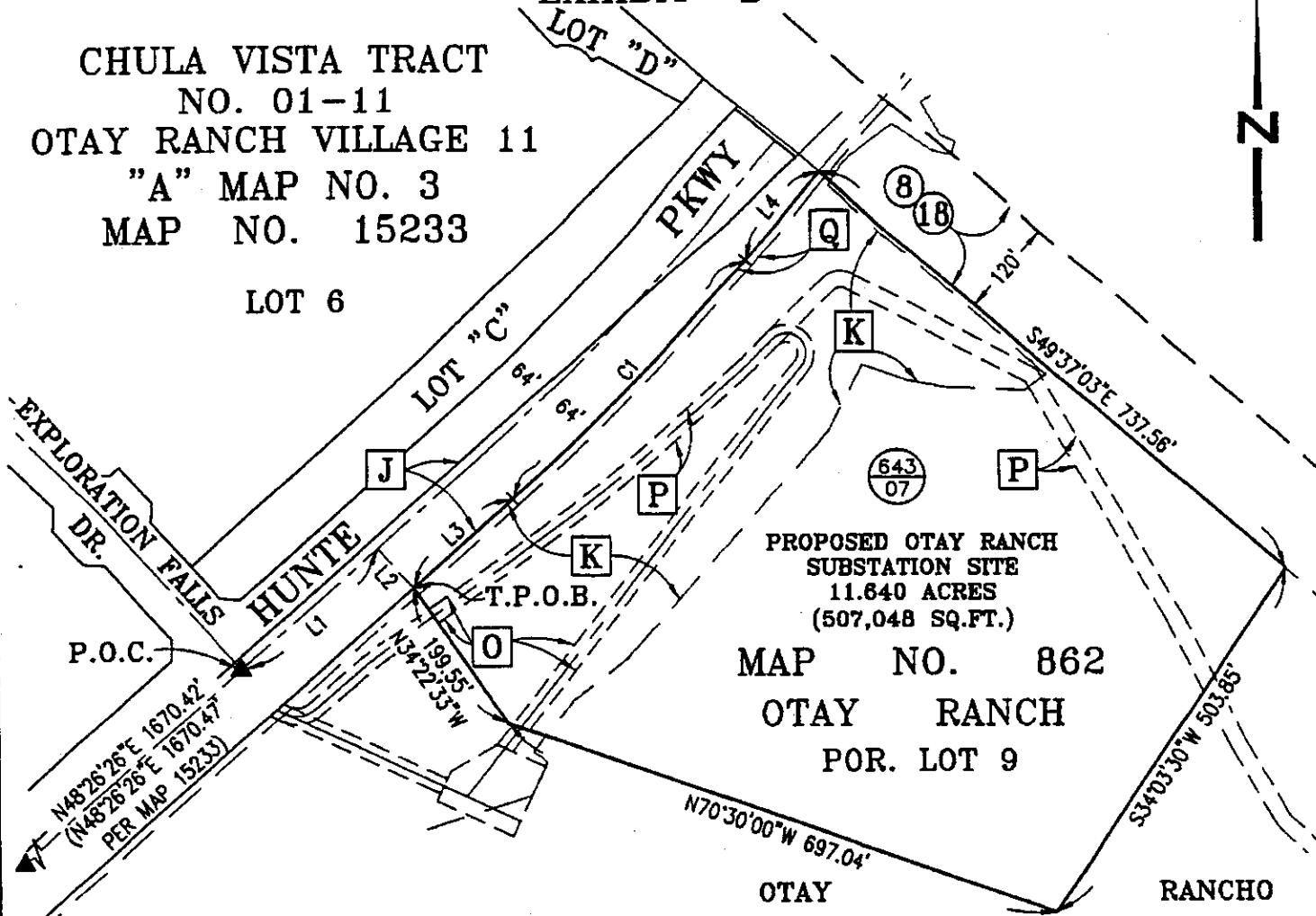


EXHIBIT "B"
Sketch Showing the Exchange Property

CHULA VISTA TRACT
 NO. 01-11
 OTAY RANCH VILLAGE 11
 "A" MAP NO. 3
 MAP NO. 15233

LOT 6

EXHIBIT "B"



PROPOSED OTAY RANCH
 SUBSTATION SITE
 11.640 ACRES
 (507,048 SQ.FT.)

MAP NO. 862
 OTAY RANCH
 POR. LOT 9

N70°30'00"W 697.04'

OTAY

RANCHO

LEGEND

- ▲ = FOUND 2" IRON PIPE W/ 3/4" DISC STAMPED "LS 7322" IN WELL PER MAP 15233.
- (643/07) = ASSESSOR'S MAP BOOK & PAGE
- Ⓞ = INDICATES EASEMENT SEE SHEET 2.
- Ⓚ = INDICATES EASEMENT SEE SHEET 2.
- P.O.C. = INDICATES POINT OF COMMENCEMENT
- T.P.O.B. = INDICATES TRUE POINT OF BEGINNING

| LINE | BEARING | DISTANCE |
|------|-------------|----------|
| L1 | N48°26'26"E | 218.81' |
| L2 | S41°33'34"E | 64.00' |
| L3 | N48°26'26"E | 160.00' |
| L4 | N40°23'11"E | 137.10' |

| CURVE | DELTA | RADIUS | LENGTH |
|-------|-----------|----------|---------|
| C1 | 08°03'15" | 2864.00' | 402.60' |

THIS PLAT WAS PREPARED BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYOR'S ACT ON MARCH 30, 2011.

Jeffrey J. Safford 3/30/2011
 JEFFREY J. SAFFORD L6703



SHEET 1 OF 2

| | | | | |
|---------------------------------------------------------------------------|-------------|--------------------------|------------------------|---------------------------|
| SAN DIEGO GAS & ELECTRIC SAN DIEGO, CALIFORNIA | | ORIGINATOR: J. ZULAUF | OK TO INSTALL: | PROJECT NO. 958424-010 |
| OTAY RANCH: NEW SUB LAND DEVELOPMENT WORK HUNTE PARKWAY CHULA VISTA | | SURVEYED BY: NOLTE/GL | R/W OK: | CONST. NO. 5986590 |
| | | DRAWN BY: NOLTE/ARW | DATE: | |
| | | DATE: 03-30-11 | THOS. BROS. 1331-JI | DRAWING NO. |
| | | SCALE: 1"=200' | | |
| NO. | SUPPLEMENTS | DATE: | BY | APP'D |
| | | | | |
| | | | | |

EXHIBIT "B"

EASEMENT LEGEND

- J
 INDICATES A PORTION OF HUNTE PARKWAY DESIGNATED AND SET ASIDE AS RIGHT-OF-WAY FOR STREET AND PUBLIC UTILITY PURPOSES BY THE CITY OF CHULA VISTA PER RESOLUTION 2005-402.
- K
 INDICATES PARCEL OF LAND DESIGNATED AND SET ASIDE AS AN EASEMENT FOR SLOPE PURPOSES BY THE CITY OF CHULA VISTA PER RESOLUTION 2005-402.
- O
 INDICATES PARCEL OF LAND DESIGNATED AND SET ASIDE AS AN EASEMENT FOR DRAINAGE AND ACCESS PURPOSES BY THE CITY OF CHULA VISTA PER RESOLUTION 2005-402.
- P
 INDICATES PARCEL OF LAND DESIGNATED AND SET ASIDE AS AN EASEMENT FOR SEWER AND ACCESS PURPOSES BY THE CITY OF CHULA VISTA PER RESOLUTION 2005-402.
- Q
 INDICATES PARCEL OF LAND DESIGNATED AND SET ASIDE AS AN EASEMENT FOR LANDSCAPE BUFFER AND SIDEWALK PURPOSES BY THE CITY OF CHULA VISTA PER RESOLUTION 2005-402.
- 8
 INDICATES 120.00' WIDE EASEMENT TO SAN DIEGO GAS AND ELECTRIC COMPANY RECORDED JUNE 7, 1983 AS FILE NO. 83-190254, O.R.
- 18
 INDICATES 120.00' WIDE EASEMENT TO SAN DIEGO GAS AND ELECTRIC COMPANY RECORDED JANUARY 29, 1997 AS FILE NO. 1997-0038452, O.R.

SHEET 2 OF 2

| | | | | | | |
|----------------------------------------------------------------------------------|-------------|-----------------------|---------------------|---------------------------|----|-------|
| SAN DIEGO GAS & ELECTRIC SAN DIEGO, CALIFORNIA | | ORIGINATOR: J. ZULAUF | OK TO INSTALL: | PROJECT NO. 958424-010 | | |
| | | SURVEYED BY: NOLTE/GL | R/W OK: | | | |
| OTAY RANCH: NEW SUB LAND DEVELOPMENT WORK HUNTE PARKWAY CHULA VISTA | | DRAWN BY: NOLTE/ARW | DATE: | CONST. NO. 5986590 | | |
| | | DATE: 03-30-11 | THOS. BROS. 1331-J1 | DRAWING NO. | | |
| | | SCALE: 1"=200' | | | | |
| NO. | SUPPLEMENTS | | | DATE: | BY | APP'D |
| | | | | | | |
| | | | | | | |

EXHIBIT "C"
Description of the Reciprocal Property

EXHIBIT "D"
Sketch Showing the Reciprocal Property

EXHIBIT "D"

SHEET 1 OF 1 SHEET

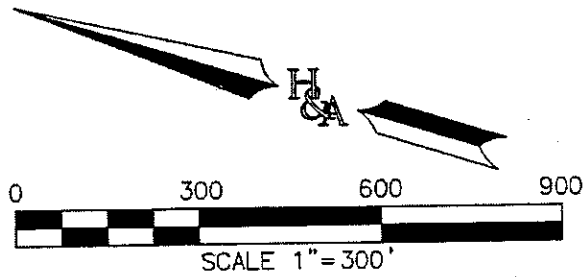
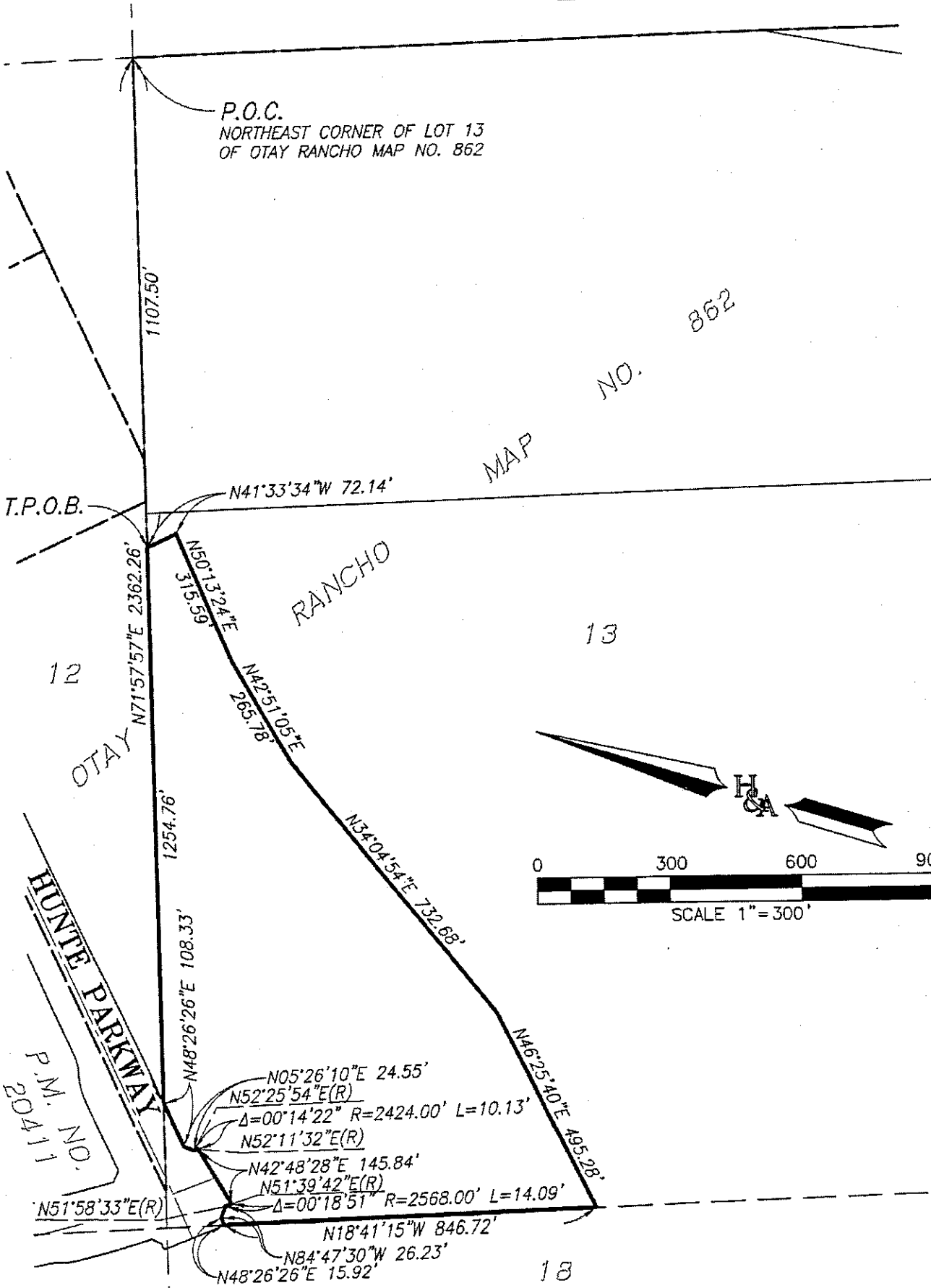


EXHIBIT "E"

DEFINITIONS

City. The term "City" means the City of Chula Vista, California.

██████████ & ██████████ ██████████ & ██████████ & ██████████ & ██████████ ██████████

Authorized Officer. The term "Authorized Officer", when used with respect to City, means the City Manager of City, for the purposes of this Agreement the City Manager delegates authority to the Real Property Manager of City or any employee designated by the Real Property Manager. The term "Authorized Officer", when used with respect to ██████████ & ██████████ ██████████ ██████████ & ██████████ or any other person or entity that is designated by ██████████ & ██████████ 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 Property, occupational or environmental conditions on, under, or about the Property, as now 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 that pertains to the protection of the environment as such apply to matters on, under, or about the 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

EXHIBIT "E"
(Cont.)

(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.

Property. The term "Exchange Property" means that certain real property within the City of Chula Vista, California (sometimes referred to herein as the "Land"), together with the improvements located thereon (sometimes referred to herein as the "Improvements") all as more fully described in Exhibit "A" attached hereto.

The term "Reciprocal Property" means that certain real property within the City of Chula Vista, California (sometimes referred to herein as the "Land"), together with the improvements located thereon (sometimes referred to herein as the "Improvements") all as more fully described in Exhibit "C" attached hereto.

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

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA TO ENTER INTO AN AGREEMENT WITH JJJ
& K INVESTMENTS TWO, LLC (JJJ & K) TO EXCHANGE
11.64 ACRES OF CITY OWNED LAND FOR 17.8 ACRES OF
JJJ & K LAND

WHEREAS, City desires to acquire fee interest in a portion of JJJ & K's real property currently identified as San Diego County Assessor's Parcel No. 644-080-10 for University related uses or other public purposes; and

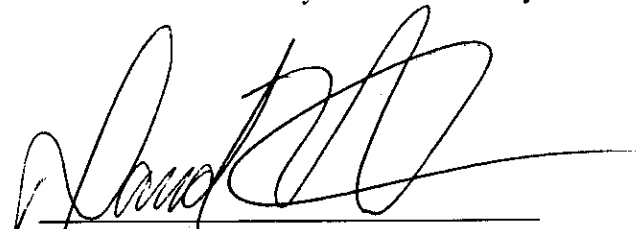
WHEREAS, JJJ & K desires to acquire fee interest in a portion of City's real property currently identified as San Diego County Assessor's Parcel No 644-080-15 in exchange for their above described property; and

WHEREAS, the transaction contemplated under this Agreement is for the benefit of the public and in the furtherance of the public purposes of the City.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Chula Vista hereby agrees to the exchange of these two properties and authorizes the Mayor and City Clerk to execute the Real Estate Exchange Agreement, the Grant Deed and any other necessary documents.

Presented by

Richard A. Hopkins
City Engineer



Glen R. Googins
City Attorney



OFFICE OF THE CITY MANAGER

August 1, 2013

Ms. Claudia Valenzuela, Public Affairs Manager
San Diego Gas & Electric
8330 Century Park Court, CP 31D
San Diego, CA 92123


SUBJECT: Letter of Support for the SDG&E Salt Creek Substation Project

The City of Chula Vista's (City) supports the development of the Salt Creek Substation ("Proposed Project"). The City anticipates that the new Proposed Project will enhance the regional system and support the upcoming projects in the area. San Diego Gas & Electric (SDG&E), the City, and other entities have been working together on the planning and design of the Proposed Project, which will serve to support the development of important projects in the Otay Ranch Community, such as the future University and Innovation District. As part of this process, SDG&E and the City have undertaken a variety of activities related to the planning of the proposed project. Some of those activities are summarized below.

Approximately ten years ago, the need to construct a new substation within the Otay Ranch area was identified by SDG&E. SDG&E spent years working intensively on the identification and selection of the site for the new substation. In 2002, SDG&E began working with the City and the University Framework Committee to identify a suitable location for a new substation as part of the early planning efforts for a proposed university within Chula Vista's Otay Ranch area. In early 2007, after extensive discussion and consideration of several substation site alternatives, consensus was reached by SDG&E, the City, and members of the University Framework Committee on the selection of Hunte West (the Proposed Project location) as the preferred substation location. SDG&E spent approximately 2 years working on the substation design with the City. The site acquisition process was suspended in 2008, when the City entered into a Land Offer Agreement with the adjacent property owner, and the Hunte West property was no longer available for development of a substation. This resulted in the need to re-analyze alternative site locations for the Salt Creek Substation. SDG&E worked with the City to analyze three alternative site locations. Based on changes in circumstances in early 2011, Hunte West became available again as a viable location for the proposed Salt Creek Substation. In June 2011, SDG&E purchased the 11.64-acre Hunte West site for development of the Salt Creek Substation to service existing and future development in the surrounding area. SDG&E continued meeting with the City to discuss development plans for the proposed Salt Creek Substation.

The City acknowledges SDG&E initiative and cooperation in initiating and moving forward the development of a new substation at the southeast area of the City. The City appreciates the work that SDG&E has done on this effort and looks forward to continuing to work with SDG&E and the California Public Utilities Commission on processing and implementing the proposed project.

Sincerely,


Gary Halbert, P.E., AICP
Assistant City Manager

