

**SECOND IMPLEMENTATION AGREEMENT
TO DISPOSITION AND DEVELOPMENT AGREEMENT**

by and between

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO,

and

CITY HEIGHTS REALTY, LLC

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**SECOND IMPLEMENTATION AGREEMENT
TO DISPOSITION AND DEVELOPMENT AGREEMENT**

THIS SECOND IMPLEMENTATION AGREEMENT to the Disposition and Development Agreement (the "Second Implementation Agreement") is made and entered into on _____ this day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and CITY HEIGHTS REALTY, LLC, a California limited liability company (the "Developer"), collectively referred to herein as the Parties, in consideration of the mutual covenants and promises set forth below, with reference to the following:

RECITALS

WHEREAS, the Agency and the Developer are parties to that certain Disposition and Development Agreement effective May 3, 2005, as amended by that certain First Implementation Agreement dated November 30, 2007 (collectively, the "DDA"). The DDA, the Loan Agreement, the Promissory Note, the Pledge Agreement and other associated agreements were assigned by Price Charities, a California public benefit corporation, to the Developer by that certain Assignment and Assumption Agreement dated _____; and

WHEREAS, the DDA provides for the Developer's acquisition and development of certain real property (the "Site," as defined in the DDA) as more particularly described in the DDA, as an office and retail development project; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Agency acquired the Acquisition Parcel (as defined in the DDA), and has agreed to relocate the existing business located thereon, to demolish the existing improvements located thereon, and to thereafter sell the Acquisition Parcel to the Developer upon satisfaction of certain conditions precedent; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Developer agreed, in addition to developing the Site, to sell to the Agency, which the Agency has already acquired, a portion of property known as the Park Site (as said term is defined in the DDA) in accordance with the Agreement of Purchase and Sale and Escrow Instructions for the Park Tract dated July 7, 2005, and to loan funds to the Agency in an amount up to Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the "Developer's Advance"), estimated to be an amount equal to the costs and expenses associated with the acquisition, relocation and preparation of the Acquisition Parcel by the Agency, to which the Developer's payment of the purchase price of the Acquisition Parcel would be considered a credit against the principal balance of the loan amount owed by the Agency, as more fully described in the Loan Agreement dated May 10, 2005; and

WHEREAS, the Parties now desire to amend the DDA and associated documents through this Second Implementation Agreement to, among other things, re-allocate certain remediation responsibilities related to the Acquisition Parcel, to provide for a modification of the Purchase Price of the Acquisition Parcel, and to change the development of the Site to a mixed-use residential/commercial project that will provide ninety-two (92) residential apartment units (including affordable housing), retail and office space, and two (2) levels of subterranean parking (the "Project"), as more particularly described herein below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals which are hereby incorporated into the operative provisions of this Second Implementation Agreement by this reference, the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Agency and the Developer agree that the DDA shall be further amended as follows:

SECTION 1. PURPOSE OF THE SECOND IMPLEMENTATION AGREEMENT

The purpose of this Second Implementation Agreement is to encourage development of the Site and to maintain the effectiveness of the DDA by amending certain provisions of the DDA as follows:

- A. Amend the Method of Financing attached to the DDA as Attachment No. 3 to reflect changes to the Development Costs, Project financing, and certain obligations of the Parties.
- B. Amend the Project Budget attached to the DDA as Attachment No. 8 to reflect changes to the Development Costs and sources and uses of funds.
- C. Amend the Schedule of Performance attached to the First Implementation Agreement as Exhibit "A" to reflect changes to performance deadlines for certain obligations of the Parties.
- D. Amend the Scope of Development attached to the DDA as Attachment No. 5 to reflect changes to the description of the Project.
- E. Amend the Grant Deed attached to the First Implementation Agreement as Exhibit "B" to reflect changes to certain obligations of the Parties.

- F. Amend the Agreement Affecting Real Property attached to the First Implementation Agreement as Exhibit "C" to reflect changes to certain obligations of the Parties.
- G. Amend the Loan Agreement dated May 10, 2005 and the Promissory Note dated May 10, 2005 to reflect changes to certain obligations of the Parties.

All terms not specifically defined herein, shall have the meanings ascribed to them in the DDA.

SECTION 2. DEVELOPER'S PAYMENT TO AGENCY

Concurrently with execution of this Second Implementation Agreement by the Developer and submission to the Agency, the Developer shall submit an irrevocable non-refundable payment in the amount of Forty Seven Thousand Five Hundred Dollars (\$47,500.00). The non-refundable payment shall be made in consideration of the Agency entering into this Second Implementation Agreement and shall be retained by the Agency as its property upon receipt by the Agency. The non-refundable payment shall be used to defray third party costs relating to negotiations, third party consultants, and costs to the Agency of negotiating this Second Implementation Agreement. Any interest accrued on the non-refundable payment shall be the property of the Agency and shall be retained by the Agency. It is understood and agreed by and between Agency and Developer that the non-refundable payment shall not be applied and shall not result in a credit in favor of the Developer against the Developer's Advance or the Developer's Purchase Price under the Agreement.

SECTION 3. AMENDMENTS TO THE DDA

A. Section 102, Definitions, of the DDA, the following definitions, are hereby amended to read in their entirety as follows:

"Concept Drawing" shall mean the plans and schematic drawings which are attached to the Second Implementation Agreement as Exhibit "L" and incorporated herein by this reference.

"Completion" shall mean the point in time when all of the following shall have occurred: (a) issuance of a permanent certificate of occupancy by the City; (b) recordation of a Notice of Completion by Developer or its contractor; (c) certification by the project architect that construction of the Improvements (with the exception of minor "punch list" items) has been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; and (d) any mechanic's liens that have been recorded or stop notices that have been delivered have been paid, settled or otherwise extinguished, discharged, released, waived, bonded, or insured against.

“Hazardous Substances” shall mean any hazardous substance as defined in subdivision (c) of Section 33459 of the California Health and Safety Code, including, without limitation, any petroleum hydrocarbons and any other products, materials or substances derivative of any of the foregoing.

“Improvements” shall mean the improvements to be constructed on the Site in accordance with this DDA, including but not limited to the amendments to the Scope of Development pursuant to the Second Implementation Agreement. The Improvements shall comply with the current California Building Code that includes comprehensive accessibility and adaptability requirements for multifamily new construction development. The Developer shall incorporate into the Improvements the Agency’s Universal Design Checklist items (attached to the Second Implementation Agreement as Exhibit “M” and incorporated herein by this reference) to the extent said items are not in excess of existing/current California Building Code.

“Permitted Transfer” shall mean any of the following:

a. An assignment of the DDA and all of Developer’s interests in the Site to (i) a limited liability company in which the Developer owns majority interest and is the controlling and managing member with control over management; (ii) a limited partnership in which the Developer owns majority interest and is the controlling and managing partner with control over management; (iii) an Affiliate; or (iv) Price Charities;

b. Either before or after Completion, any Permitted Mortgage (as defined in the DDA), or the conveyance of title to the Mortgagee or its assignee in connection with a foreclosure or a deed in lieu of foreclosure of such Permitted Mortgage;

c. A conveyance of the Site to (i) any limited partnership or limited liability company in which it is the controlling and managing general partner or managing member, (ii) a sale back from such partnership or limited liability company to such general partner or member, and the assignment of the DDA to such Assignee, as provided in Section 106.c of the DDA, if in the reasonable determination of the Agency’s Executive Director, the reconstituted “Developer” is comparable in all material respects (including experience and financial capability) to City Heights Realty, LLC, (iii) an Affiliate, or (iv) Price Charities;

d. The inclusion of equity participation in Developer by transfer of or addition of limited partners or members to the Developer or similar mechanism, provided the Developer retains majority interest and remains the controlling and managing member with control over management.

Any transfer described in clauses (1) through (4) shall be subject to the reasonable approval of the Agency Executive Director or designee. The foregoing prohibitions shall not be deemed to prevent the granting of easements or permits to facilitate the

development of the Site, nor shall they be construed to prohibit leases for occupancy in the ordinary course of business or Permitted Transfers.

“Schedule of Performance” shall mean the document titled “Second Amended Schedule of Performance” attached as Exhibit “C” to the Second Implementation Agreement and incorporated herein by this reference, which replaces the Amended Schedule of Performance attached as Exhibit “A” to the First Implementation Agreement.

B. Section 102, Definitions, of the DDA is hereby amended to add the following definitions:

“Affordable Apartments” shall mean a minimum of 14 residential apartment units constructed by Developer in accordance with this DDA and the Scope of Development, as amended by the Second Implementation Agreement, which shall be restricted by Developer for rental to and occupancy by Very-Low Income and Low-Income households at an Affordable Rent, as determined and implemented through the terms and conditions of this DDA between the Agency and the Developer, and by covenants to be recorded by the Agency consistent with Sections 33334.3 and 33413(c) of the California Health and Safety Code.

“Affordable Rent” shall mean monthly rent (including a reasonable utility allowance) which does not exceed for a Low Income household, one-twelfth of the product of 30 percent times 65 percent of the Area Median Income, adjusted for household size appropriate to the unit, and which does not exceed for a Very Low Income household, one-twelfth of the product of 30 percent times 50 percent of the Area Median Income, adjusted for household size appropriate to the unit. As used in this paragraph, “household size appropriate to the unit” shall equal the number of bedrooms in the unit plus one.

“Area Median Income” shall mean the area median income for San Diego County as published annually by California’s Housing and Community Development Department pursuant to Section 50093 of the California Health and Safety Code.

“Low-Income” shall mean household income that does not exceed 65% of the Area Median Income, adjusted for household size, as determined annually by the United States Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

“Notice of Affordability Restrictions on Transfer of Property” shall mean an instrument substantially in the form attached to this Agreement as Exhibit “N”, which is incorporated herein by this reference.

“Universal Design” shall mean the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design consistent with The Seven Principles of Universal Design developed by North Carolina State University’s Center for Universal Design and includes the

Universal Design Checklist attached to the Second Implementation Agreement as Exhibit "M".

"Very Low-Income" shall mean household income that does not exceed 50% of the Area Median Income, adjusted for household size, as determined annually by the United States Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

C. Section 202, Agency Responsibilities Regarding the Acquisition Parcel, of the DDA is hereby amended to read in its entirety as follows:

Agency shall be responsible, at the sole cost and expense of Agency, for accomplishing the following within the time established therefore in the Second Amended Schedule of Performance:

- a. Subject to the terms of this Agreement, acquiring the Acquisition Parcel;
- b. Relocating all tenants and occupants of the Acquisition Parcel in accordance with all applicable relocation laws and requirements. The Agency shall use its best efforts to relocate the existing tenant, Jack-in-the-Box, on or before January 31, 2009;
- c. Demolishing and removing the existing Jack-in-the-Box building and all other existing above ground improvements (but excluding perimeter fences and retaining walls) on the Acquisition Parcel (which will include abatement of asbestos and lead based paint if required by law), to the surface elevation of the adjacent ground.

D. Subsection d.4, Project Budget, of Section 209, Conditions Precedent to Close of Escrow, of the DDA is hereby amended to read as follows:

Developer shall have delivered to the Agency a final project budget or confirmed that the First Amended Project Budget attached to the Second Implementation Agreement as Exhibit "A" remains a valid estimate of all Development Costs required for the development of the Site in accordance with the DDA, and shall demonstrate to the reasonable satisfaction of the Agency Executive Director (or designee) the availability of sufficient funds to pay all the Development Costs.

E. Subsection d.10, Permits, of Section 209, Conditions Precedent to Close of Escrow, of the DDA is hereby amended by revising "Project Budget" to read "First Amended Project Budget."

F. Subsection d.13, Demolition, of Section 209, Conditions Precedent to Close of Escrow, of the DDA is hereby amended in its entirety to read as follows:

The Agency shall have performed its demolition duties as described in Section 202.

G. Subsection d.16, Documents, of Section 209, Conditions Precedent to Close of Escrow, of the DDA is hereby amended in its entirety to read as follows:

Agency, Developer, and other parties, as appropriate, shall have executed all additional documents necessary or appropriate for the effectuation of this Agreement, including but not limited to:

- A. Assignment and Assumption Agreement (Developer, Price Charities, and Agency);
- B. Grant Deed (Agency);
- C. Agreement Affecting Real Property (Developer and Agency);
- D. Option Agreement (Developer and Agency);
- E. Administration Agreement (Agency, Developer, and San Diego Housing Commission);
- F. Cooperation Agreement (Agency and City);
- G. Grant of Maintenance and Operations Easement and Agreement (Developer, City or Agency as may be appropriate, City Heights Square, L.P., La Maestra Family Clinic, Inc.);
- H. Notice of Affordability Restrictions on Transfer of Property (Agency); and
- I. Certification of principal balance owed by Agency to Developer from the proceeds of the Developer's Advance.

H. Subsection d.18, Appraisal of Acquisition Parcel, of Section 209, Conditions Precedent to Close of Escrow, of the DDA is hereby deleted in its entirety and shall have no further force and effect.

I. Section 214, Condition of the Property, of the DDA is hereby amended to read in its entirety as follows:

a. Conveyance of the Acquisition Parcel. The Acquisition Parcel shall be conveyed in an 'as is' condition, with no warranty, express or implied by the Agency as to the condition of the property, land, improvements, ground, soil or water, its geology, or the presence of known or unknown faults or as to the presence of any Hazardous Substance or of any other material of any kind, including, without limitation, debris and solid waste. It shall be the sole responsibility of the Developer, at Developer's expense, to investigate and determine the condition of the Acquisition Parcel (including the property, land, ground, soil or water, its geology, or the presence of known or unknown faults or as to the presence of any Hazardous Substance or of any material of any kind, including with limitation, debris and solid waste) and the suitability of the Acquisition Parcel for the development to be constructed by the Developer. If the condition of the Acquisition Parcel, or any part thereof, or any other matter referred to in the preceding sentence is not in all respects entirely suitable for the use or uses to which the Acquisition

Parcel shall be put, then it is the sole responsibility and obligation of the Developer, without cost to the Agency except as otherwise permitted in Section 2.d of the First Amended Method of Financing, to take such action as may be necessary to place the Acquisition Parcel and the condition thereof (including any matter referred to in the preceding sentence) in all respect in a condition entirely suitable for the development of the Acquisition Parcel. The terms of this paragraph are modified solely with respect to the obligations of the Parties set forth in paragraph b, below.

b. Remediation of the Acquisition Parcel.

(1) The Parties anticipate that Developer will desire to begin excavation and remediation efforts on the Acquisition Parcel prior to Closing. Therefore, subject to having relocated the existing tenants of the Acquisition Parcel, the Agency shall accomplish the demolition and removal of the existing Jack-in-the-Box building and all other existing above ground improvements (but excluding perimeter fences and retaining walls at the sole discretion of the Agency) on the Acquisition Parcel as provided for in Section 202 within the time established in the Second Amended Schedule of Performance. The Parties agree to execute a Right of Entry Agreement in order to provide the Developer with the authority to access the Acquisition Parcel and to commence excavation and remediation efforts. The Right of Entry Agreement for this purpose shall be substantially in the form attached hereto as Exhibit "E" and incorporated herein by this reference.

(2) Agency agrees to have an environmental consultant prepare a Property Mitigation Plan (or plan of similar substance) which shall describe the remediation necessary for the Acquisition Parcel to accomplish the Development. Developer agrees to provide information about the scope of the development, including development plans, the location and depth of proposed excavations, and identifying the locations and types of future uses of the Acquisition Parcel to assist the Agency's environmental consultant in preparing the Property Mitigation Plan. Agency will attempt to have the Property Mitigation Plan approved by the County of San Diego Department of Environmental Health ("DEH"), or other appropriate regulatory agency, prior to the time that Developer is ready to begin excavation and remediation of the Acquisition Parcel. It is the Parties' intention for the DEH, or other appropriate regulatory agency, to provide oversight for the remediation of the project under the Polanco Redevelopment Act. Agency will submit the Property Mitigation Plan to the DEH for review and at that time will open a Voluntary Assistance Program ("VAP") application. Upon execution of this Agreement, the Parties will contact the DEH to have the invoicing for the oversight costs incurred for the VAP transferred to Developer.

(3) The Property Mitigation Plan ("PMP") (or plan of similar substance) shall be premised on a risk-based corrective action approach, and may involve leaving certain contamination in either the soil or groundwater beneath and/or adjacent to the Acquisition Parcel. Developer hereby acknowledges and agrees that the PMP may propose that only those soils in the excavation area be removed, so long as the failure to remove other

contaminated soils shall not interfere with the development and use of the Acquisition Parcel for the use contemplated by this Second Implementation Agreement. Accordingly, it is possible that some contaminated soils will remain at the Acquisition Parcel following development and the Acquisition Parcel shall be conveyed to Developer in such condition.

(4) Upon approval of the PMP by the appropriate regulatory agency, the completion of demolition, the obtaining of a grading permit by Developer (if necessary), and when Developer is ready to proceed in accordance with the schedule as set forth in the Second Amended Schedule of Performance (Exhibit "C" hereto), Developer shall implement the PMP to remediate the Acquisition Parcel as necessary to support the intended development. Developer shall hire an environmental consultant to assist the contractor in implementing the PMP. Developer shall select an environmental consultant that is acceptable to the Agency Executive Director (or designee); approval by Agency Executive Director (or designee) shall not be unreasonably withheld. Developer shall obtain reasonable approval or disapproval of all change orders from the Agency Executive Director (or designee) within four (4) business days for all Remediation Costs (as defined below) prior to incurring any said Remediation Costs. Any disapproval by the Executive Director (or designee) shall include an explanation of the reasons precipitating said disapproval.

(5) A representative of the Agency shall sign the manifests for the transportation of Hazardous Substances removed from the Acquisition Parcel. The disposal facility for the Hazardous Substances shall be subject to mutual agreement by the Developer and the Agency to ensure that the facility is properly permitted by applicable federal and state authorities and carries an adequate level of insurance and assets.

(6) Pursuant to the Method of Financing, Developer shall maintain an accounting of the "Remediation Costs." Remediation Costs shall mean those direct incremental costs that would not have been incurred but for the presence of Hazardous Substances encountered at the Acquisition Parcel during the excavation/remediation/development effort contemplated by this Second Implementation Agreement, including: (i) environmental consultant costs, including oversight, monitoring and report writing costs; (ii) analytical testing and laboratory costs; (iii) contractor and subcontractor costs incurred to excavate, stockpile and load soil impacted with Hazardous Substances, above the normal costs that would have been incurred to excavate, stockpile and load soil if the soil had not been impacted with Hazardous Substances; (iv) costs to transport and dispose of soil impacted with Hazardous Substances above the normal costs that would have been incurred to transport and dispose of soil not impacted with Hazardous Substances; (v) all regulatory agency oversight costs; and (vi) any possessory interest tax that may be attributable to the Developer pursuant to Paragraph 4 of the Right of Entry Agreement. Notwithstanding the foregoing, Remediation Costs shall not include any "increased costs" (as defined in Section 310 herein below) that may arise under Section 310 of this Agreement, which remain the responsibility of Developer.

(7) Within forty-five (45) days following the conclusion of each month, Developer shall submit an accounting of Remediation Costs incurred during the prior month. Developer shall submit the accounting (including supporting invoices) to Agency Executive Director (or designee), Attention: City Heights Project Manager at 1200 Third Avenue, Suite 1400, San Diego, CA 92101. Developer shall submit its final accounting within sixty (60) days of Developer's environmental consultant submitting the Closure Report to the regulatory agency. The only exception to submitting the final accounting may be costs from the regulatory agency if those costs have not been billed yet.

(8) Within sixty (60) days after the last of the soil impacted with Hazardous Substances has been transported from the Acquisition Parcel to the mutually selected disposal facility, Developer's environmental consultant shall prepare and complete a Closure Report requesting a "No Further Action" letter (or document of similar effect) from the regulatory agency. Developer shall provide the Agency with a draft copy of the Closure Report prior to submitting the report to the regulatory agency so that the Agency has an opportunity to provide comments on the report. The Agency and Developer shall cooperate and take all steps appropriate in order to receive a "No Further Action" letter (or document of similar effect) which acknowledges that the remediation effort has been accomplished in accordance with California Health and Safety Code Section 33459.3.

(9) Developer acknowledges that Agency may seek to recover some of the Remediation Costs incurred from any responsible parties under the Polanco Redevelopment Act, various grants that may be available, or any other legal means. Developer agrees to cooperate, at no cost to Developer, with the Agency on behalf of the Agency's efforts to recover all or part of the Remediation Costs in this regard. Should Agency recover funds from any of these sources, all funds shall be the property of the Agency.

(10) As Developer shall accept the Acquisition Parcel with the potential for some residual contamination remaining (as provided above), the Agency shall have no liability for, and shall not indemnify the Developer for any liability resulting from any contamination remaining at the Acquisition Parcel upon completion of the remediation described in this Section, nor for any future contamination that may occur at the Acquisition Parcel. Developer shall defend, indemnify and hold harmless the Agency, the City and their officers, agents, employees, contractors and attorneys from any claims, liability, injury, damages, costs, expenses and attorneys' fee which may be sustained as the result of any loss of, or damage to, property (real and/or personal) or personal injury to or death of any person or persons arising out of or occurring by reason of Developer's implementation of the Remediation Work (including, but not limited to implementation of the PMP) and/or any third-party claims arising from any contamination remaining at the Acquisition Parcel upon execution of the Developer's rights under the Right of Entry.

J. Subsection (a) of Section 215, Preliminary Work by the Developer, is hereby amended to read in its entirety as follows:

a. Agency shall give Developer written notice upon Agency's obtaining possession of the Acquisition Parcel ("Notice of Possession") pursuant to the Second Amended Schedule of Performance (attached to the Second Implementation Agreement as Exhibit "C"). After such Notice of Possession until the Close of Escrow, representatives of the Developer shall have the right of access to and entry upon the Acquisition Parcel pursuant to the Right of Entry Agreement (attached to the Second Implementation Agreement as Exhibit "E") for the purpose of Developer's commencement of the work described in Recital D (the "Remediation Work") of such Right of Entry Agreement, subject to the following conditions precedent:

(1) Submission by the Developer of (i) the Right of Entry Agreement Scope of Work which, following Agency approval, is to be attached as Exhibit "B" to the Right of Entry; and (ii) the certificates of insurance required by Section 308 of this Agreement, subject to the Agency's reasonable approval.

(2) Following the Agency's approval of the Scope of Work and the certificates of insurance referenced in subparagraph (1) above, execution by the Developer and the Agency of the Right of Entry Agreement.

(3) No later than ninety (90) days after relocation of the existing tenant, Jack-in-the-Box, completion by Agency of demolition and removal of the existing Jack-in-the-Box building and other improvements pursuant to Section 202 of the DDA.

K. Subsection (a) of Section 216, Indemnity, of the DDA is hereby amended to read in its entirety as follows:

a. As a material part of the consideration for this Agreement, and to the maximum extent permitted by law, the Developer agrees to and shall defend, with counsel reasonably acceptable to Agency, indemnify and hold harmless the Agency, the City and their respective officers, employees, contractors and agents from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees, court costs and litigation costs and fees of expert witnesses) whatsoever caused to any person or the property of any person, which shall occur on or adjacent to the Site or in connection with any activities of the Developer or its officers, employees, contractors or agents, and which results or arises from or in any way connected with the following (provided that notwithstanding the provisions of this Section 216, in no event shall Developer be responsible for, and such indemnity shall not apply to, any such claims, liabilities, losses damages, costs or expenses to the extent attributable to the gross negligence or willful misconduct of the Agency, the City or their respective officers, employees, contractors or agents):

1. The existence, release, presence or disposal of any Hazardous Substances from the Developer's Parcel;

2. Developer's development, marketing, sale or use of the Site in any way;
3. Any plans or designs for improvements prepared by or on behalf of Developer, including without limitation any errors or omissions with respect to such plans or designs;
4. Except as expressly provided otherwise in this Agreement, any loss or damage to Agency resulting from any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer, under this Agreement; and
5. Any loss or damage to Agency as described in Section 310 of this Agreement.

L. Section 302, Basic Concept and Schematic Drawings, of the DDA is hereby amended to add new Subsection (c) to read as follows:

c. The Developer shall incorporate into the Improvements the Agency's Universal Design Checklist items (attached to the Second Implementation Agreement as Exhibit "M") to the extent said items are not in excess of existing/current California Building Code.

M. Subsection a. of Section 308, Insurance, of the DDA is hereby amended to add new Subsection (5) to read as follows:

5. Rental Insurance: Prior to commencement of rental occupancy, Developer shall furnish evidence of, and shall thereafter maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to Developer and the Agency.

N. Section 308, Insurance, of the DDA is hereby amended to add new Subsection e. to read as follows:

e. As used in this Section 308, the term "Property" shall mean the "Site" as defined in this Agreement.

O. Section 310, Local, State and Federal Laws, of the DDA is hereby amended to read in its entirety as follows:

a. Developer hereby agrees to carry out development, construction (as defined by applicable law) and operation of the Improvements on the Site, including,

without limitation, any and all public works (as defined by applicable law), in conformity with all applicable federal and state labor laws, including, without limitation, the payment of State prevailing wages.

b. Developer hereby expressly acknowledges and agrees that neither City nor Agency has ever previously affirmatively represented to Developer or its contractor(s) for the Improvements or other activities performed in connection with this Agreement, as amended, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation, at Developer's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the remediation, development, construction (as defined by applicable law) and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment to contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law.

c. It is agreed by the parties that, in connection with the remediation, development, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation of Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion.

P. Subsection a. of Section 322, Release of Construction Covenants, of the DDA is hereby amended to read in its entirety as follows:

a. Promptly after Completion of the construction of the Improvements as required by this Agreement, but not before the Developer enters into a Grant of Maintenance and Operations Easement and Agreement in connection with the Park Site pursuant to Section 323, the Agency shall deliver to the Developer a Release of Construction Covenants substantially in the form attached to the Second Implementation Agreement as Exhibit "J" and incorporated herein by this reference, upon written request therefor by the Developer. The Agency shall not unreasonably withhold any such Release of Construction Covenants. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement.

Q. Section 323, Park Site, of the DDA is hereby amended to read in its entirety as follows:

Developer has conveyed to the Agency fee simple title to the Park Site, in accordance with the terms and conditions of that certain Agreement of Purchase and Sale and Escrow Instructions dated July 7, 2005 by and between the Developer and the Agency. The Park Site shall be developed as a public park by the City or the Agency. Prior to the earlier of the Closing or commencement of construction of a park on the Park Site, Developer shall enter into a Grant of Maintenance and Operations Easement and Agreement, substantially in the form attached to the Second Implementation Agreement as Exhibit "I" and incorporated herein by this reference, with City Heights Square, L.P. (the developer of the senior housing project adjacent to the Site), La Maestra Family Clinic, Inc. ("La Maestra"), and the City or Agency, as may be appropriate, to provide for the maintenance and operation of the Park Site.

R. A new Section 406, Affordable Housing, is hereby added to the DDA to read as follows:

The Affordable Apartments shall be restricted by Developer for rental to and occupancy by Very Low-Income and Low-Income households at an Affordable Rent for fifty-five (55) years, in accordance with the terms and conditions of this DDA.

S. A new Section 407, Monitoring, is hereby added to the DDA to read as follows:

a. The parties acknowledge that this DDA is subject to the provisions of Section 33418 of the California Health and Safety Code, which provides in pertinent part:

“(a) An agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an agency shall require owners or managers of the housing to submit an annual report to the agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants. The income information required by this section shall be supplied by the tenant in a certified statement of a form provided by the agency.”

b. To satisfy the requirements of said Section 33418, prior to the initial occupancy of the Affordable Apartments by Low-Income and Very Low-Income households, the Developer shall enter into a reporting and monitoring agreement with the Agency and the San Diego Housing Commission (the “Administration Agreement”), a form of which is attached to the Second Implementation Agreement as Exhibit “H” and incorporated herein by this reference. The Administration Agreement shall establish a Five Hundred Dollar (\$500.00) initial set up fee and Sixty Five Dollar (\$65.00) monitoring fee per year for each Affordable Apartment, which is subject to increase in accordance with the Administration Agreement.

SECTION 4. AMENDMENTS TO CERTAIN ATTACHMENTS

A. The Amended Schedule of Performance, attached to the First Implementation Agreement as Exhibit “A”, is hereby further amended to read in its entirety as set forth in the Second Amended Schedule of Performance attached to this Second Implementation Agreement as Exhibit “C” and incorporated herein by this reference.

B The Scope of Development, attached to the DDA as Attachment No. 5, is hereby amended to read in its entirety as set forth in the First Amended Scope of Development attached to this Second Implementation Agreement as Exhibit “F” and incorporated herein by this reference.

C. The Grant Deed, attached to the First Implementation Agreement as Exhibit “B”, is hereby amended to read in its entirety as set forth in the revised form

Grant Deed attached to this Second Implementation Agreement as Exhibit "D" and incorporated herein by this reference.

D. The Agreement Affecting Real Property, attached to the First Implementation Agreement as Exhibit "C" is hereby amended to read in its entirety as set forth in the revised form of Agreement Affecting Real Property attached to this Second Implementation Agreement as Exhibit "G" and incorporated herein by this reference.

E. Pursuant to the terms and conditions of the DDA, the Agency borrowed funds from the Developer for the redevelopment purpose of carrying out its obligations under the DDA, on the terms and subject to the conditions contained in the Loan Agreement. Concurrently with the execution of this Second Implementation Agreement by the Agency, the Loan Agreement shall be amended by the First Amendment to Loan Agreement substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference. Concurrently with the execution of this Second Implementation Agreement by the Agency, the Promissory Note shall be amended by the First Amendment to Promissory Note substantially in the form attached to the First Amendment to Loan Agreement as Exhibit "A" and incorporated herein by this reference.

F. The Method of Financing, attached to the DDA as Attachment No. 4, is hereby amended to read in its entirety as set forth in the First Amended Method of Financing attached to this Second Implementation Agreement as Exhibit "K" and incorporated herein by this reference.

G. The Site Map and Concept Drawing, attached to the DDA as Attachment No. 1, is hereby amended to read in its entirety as set forth in the First Amended Site Map and Concept Drawing attached to this Second Implementation Agreement as Exhibit "L" and incorporated herein by this reference.

SECTION 5. FURTHER CHANGES

The Agency's Executive Director or his/her designee is authorized to make such further changes to the forms of documents and instruments attached to the DDA and to this Second Implementation Agreement as may be necessary or appropriate to effectuate the DDA, as amended by this Second Implementation Agreement.

SECTION 6. MISCELLANEOUS PROVISIONS

A. Effect of Second Implementation Agreement; the DDA, as amended by the First Implementation Agreement, and Attachments to Remain in Effect. The Parties agree that, except as expressly provided otherwise in this Second Implementation Agreement, the DDA, as amended by the First Implementation Agreement, and its attachments and any document executed or entered into pursuant to the DDA, as

amended, shall remain in full force and effect, enforceable in accordance with its terms and conditions, without diminution or waiver of any kind of any right or remedy of the Agency thereunder.

B. Governing Law. This Second Implementation Agreement and the legal relations between the Parties shall be governed by and construed and enforced in accordance with the laws of the State of California.

C. Counterparts. This Second Implementation Agreement may be executed in counterparts, each of which when executed shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

[THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK]

D. Authority. The Developer represents that the person executing this Second Implementation Agreement on behalf of the Developer has the full authority to do so to bind the Developer to perform pursuant to the terms and conditions herein.

IN WITNESS WHEREOF, Agency and Developer have signed this Second Implementation Agreement as of the dates set opposite their signatures.

AGENCY

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

Date: _____

By: _____

Name: Janice L. Weinrick

Title: Deputy Executive Director

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

MICHAEL J. AGUIRRE
General Counsel Redevelopment Agency

By: _____

Kendall D. Berkey
Deputy General Counsel

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

KANE, BALLMER & BERKMAN
Special Counsel Redevelopment Agency

By: _____

Murray O. Kane

DEVELOPER

CITY HEIGHTS REALTY, LLC
a California limited liability company

By: PRICE CHARITIES,
a California non-profit benefit
corporation; Formerly named SAN
DIEGO REVITALIZATION
CORPORATION, a California non-
profit public benefit corporation
Its: Sole and Managing Member

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

EXHIBIT "A"

First Amended Project Budget

[Behind This Page]

First Amended Project Budget

		Totals
I. Land Costs	\$	5,736,000
II. Direct Costs		
Off-Site Improvements (1)		0
On-Site Improvements (2)	\$	1,550,000
Parking	\$	8,610,000
Shell Construction-Residential	\$	15,708,000
Shell Construction-Commercial	\$	2,862,000
Tenant Improvements	\$	916,000
Amenities/FF&E	\$	500,000
Energy Efficiency and Green Features	\$	1,000,000
Contingency	\$	1,557,000
Total Direct Costs	\$	32,703,000
III. Indirect Costs		
Architecture & Engineering	\$	1,635,000
Permits & Fees (2)	\$	2,644,000
Legal & Accounting	\$	327,000
Taxes & Insurance	\$	491,000
Developer Fee	\$	981,000
Marketing/Lease-Up	\$	138,000
Contingency	\$	186,000
Total Direct Costs	\$	6,402,000
IV. Financing Costs		
Loan Fees	\$	677,000
Interest During Construction	\$	1,980,000
Interest During Lease-Up	\$	550,000
Total Financing Costs	\$	3,207,000
V. Total Development Costs	\$	48,048,000

(1) Estimate / Off-Site Improvements included with On-Site Improvements

(2) Estimates

Prepared by: San Diego Redevelopment Agency; Keyser Marston Associates Inc.

EXHIBIT "B"

First Amendment to Loan Agreement

[Behind This Page]

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this "First Amendment") is made and entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and CITY HEIGHTS REALTY, LLC, a California limited liability company (referred to as the "Lender" or "Developer" herein), collectively referred to herein as the Parties, in consideration of the mutual covenants and promises set forth below, with reference to the following:

RECITALS

WHEREAS, the Agency and the Lender (referred to as the Developer therein) are parties to that certain Disposition and Development Agreement effective May 3, 2005, as amended by that certain First Implementation Agreement dated November 30, 2007, and that certain Second Implementation Agreement dated _____ (collectively, the "DDA"). The DDA, the Loan Agreement, the Promissory Note, the Pledge Agreement and other associated agreements were assigned by Price Charities, a California public benefit corporation, to the Developer by that certain Assignment and Assumption Agreement dated _____; and

WHEREAS, the DDA provides for the Developer's acquisition and development of certain real property (the "Site," as defined in the DDA) as more particularly described in the DDA, as an office and retail development project; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Agency acquired the Acquisition Parcel (as defined in the DDA), and has agreed to relocate the existing business located thereon, to demolish the existing improvements located thereon, and to thereafter sell the Acquisition Parcel to the Developer upon satisfaction of certain conditions precedent; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Developer agreed, in addition to developing the Site, to sell to the Agency, which the Agency has already acquired, a portion of property known as the Park Site (as said term is defined in the DDA) in accordance with the Agreement of Purchase and Sale and Escrow Instructions for the Park Tract dated July 7, 2005, and to loan funds to the Agency in an amount up to Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the "Developer's Advance"), estimated to be an amount equal to the costs and expenses associated with the acquisition, relocation and preparation of the Acquisition Parcel by the Agency, to which the Developer's payment of the purchase price of the Acquisition Parcel would be considered a credit against the principal balance of the loan amount owed by the Agency, as more fully described in the Loan Agreement dated May 10, 2005; and

WHEREAS, the Parties now desire to amend said Loan Agreement through this First Amendment in recognition of modifications to the DDA.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals which are hereby incorporated into the operative provisions of this First Amendment by this reference and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Agency and the Lender agree that said Loan Agreement shall be further amended as follows:

SECTION 1. AMENDMENTS TO THE LOAN AGREEMENT

A. Recital B of said Loan Agreement is hereby amended to read in its entirety as follows:

Pursuant to the terms and conditions of the DDA, the Agency acquired title to the Acquisition Parcel (as defined in the DDA), and has agreed to relocate the existing business located thereon, to demolish the existing improvements located thereon, and to thereafter sell the Acquisition Parcel to the Developer upon satisfaction of certain conditions precedent.

B. Recital C of the Loan Agreement is hereby amended to read in its entirety as follows:

Pursuant to the terms and conditions of the DDA, the Agency shall sell the Acquisition Parcel to Developer for a purchase price (the "Purchase Price") determined in accordance with the DDA and the Amended Method of Financing.

SECTION 2. FIRST AMENDMENT TO PROMISSORY NOTE

A. Concurrently with the execution of this First Amendment by the Agency, the Promissory Note shall be amended by the First Amendment to Promissory Note substantially in the form attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 3. MISCELLANEOUS PROVISIONS

A. Effect of First Amendment to Loan Agreement; Loan Agreement and Attachments to Remain in Effect. The Parties agree that, except as expressly provided otherwise in this First Amendment, the Loan Agreement, and its attachments and any document executed or entered into pursuant to the Loan Agreement, shall remain in full

force and effect, enforceable in accordance with its terms and conditions, without diminution or waiver of any kind of any right or remedy of the Agency thereunder.

B. Governing Law. This First Amendment and the legal relations between the Parties shall be governed by and construed and enforced in accordance with the laws of the State of California.

C. Counterparts. This First Amendment may be executed in counterparts, each of which when executed shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

[THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK]

D. Authority. The Lender represents that the person executing this First Amendment on behalf of the Lender has the full authority to do so.

IN WITNESS WHEREOF, Agency and Lender have signed this First Amendment as of the dates set opposite their signatures.

AGENCY

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

Date: _____

By: _____

Name: Janice L. Weinrick

Title: Deputy Executive Director

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

MICHAEL J. AGUIRRE
General Counsel Redevelopment Agency

By: _____

Kendall D. Berkey
Deputy General Counsel

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

KANE, BALLMER & BERKMAN
Special Counsel Redevelopment Agency

By: _____

Murray O. Kane

LENDER

CITY HEIGHTS REALTY, LLC
a California limited liability company

By: PRICE CHARITIES,
a California non-profit benefit
corporation; Formerly named SAN
DIEGO REVITALIZATION
CORPORATION, a California non-
profit public benefit corporation.
Its: Sole and Managing Member

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT "A"

FIRST AMENDMENT
TO PROMISSORY NOTE

[Behind This Page]

FIRST AMENDMENT TO PROMISSORY NOTE

THIS FIRST AMENDMENT TO PROMISSORY NOTE (this "First Amendment") is made and entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and CITY HEIGHTS REALTY, LLC, a California limited liability company (referred to as the "Lender" or the "Developer" herein), collectively referred to herein as the Parties, in consideration of the mutual covenants and promises set forth below, with reference to the following:

RECITALS

WHEREAS, the Agency and the Lender (referred to as the Developer therein) are parties to that certain Disposition and Development Agreement effective May 3, 2005, as amended by that certain First Implementation Agreement dated November 30, 2007, and that certain Second Implementation Agreement dated _____ (collectively, the "DDA"). The DDA, the Loan Agreement, the Promissory Note, the Pledge Agreement and other associated agreements were assigned by Price Charities, a California public benefit corporation, to the Developer by that certain Assignment and Assumption Agreement dated _____; and

WHEREAS, the DDA provides for the Developer's acquisition and development of certain real property (the "Site," as defined in the DDA) as more particularly described in the DDA, as an office and retail development project; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Agency acquired the Acquisition Parcel (as defined in the DDA), and has agreed to relocate the existing business located thereon, to demolish the existing improvements located thereon, and to thereafter sell the Acquisition Parcel to the Developer upon satisfaction of certain conditions precedent; and

WHEREAS, pursuant to and in accordance with the terms and conditions of the DDA, the Developer agreed, in addition to developing the Site, to sell to the Agency, which the Agency has already acquired, a portion of property known as the Park Site (as said term is defined in the DDA) in accordance with the Agreement of Purchase and Sale and Escrow Instructions for the Park Tract dated July 7, 2005, and to loan funds to the Agency, as more fully described in the Loan Agreement dated May 10, 2005, as amended by that certain First Amendment to Loan Agreement executed concurrently herewith (collectively, the "Loan Agreement"), in an amount up to Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the "Developer's Advance"), estimated to be an amount equal to the costs and expenses associated with the acquisition, relocation and preparation of the Acquisition Parcel by the Agency, to which the Developer's payment of the purchase price of the Acquisition Parcel would be considered a credit against the

principal balance of the loan amount not to exceed the face amount of that certain Promissory Note dated May 10, 2005 (the "Promissory Note"), and

WHEREAS, the Parties now desire to amend said Promissory Note through this First Amendment in recognition of modifications to the DDA and the Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals which are hereby incorporated into the operative provisions of this First Amendment by this reference and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Agency and the Lender agree that said Promissory Note shall be further amended as follows:

SECTION 1. AMENDMENTS TO PROMISSORY NOTE

A. Subsection b of Paragraph 1, Payment, of the Promissory Note is hereby amended to read in its entirety as follows:

The principal amount of this Note shall be subject to a reduction at the time of the Close of Escrow (as that term is defined in the DDA) equal to the sum of Five Hundred Eighty Six Thousand Dollars (\$586,000), which is the Purchase Price payable by the Developer to the Agency for the Acquisition Parcel. The Parties have agreed that factored into the fair market price of the Acquisition Parcel, as determined by that certain Updated Conceptual Cost Estimate dated September 4, 2008, prepared by the Agency's engineering consultants and on file in the offices of the Agency, is an amount of Two Hundred Sixty Four Thousand Dollars (\$264,000) (the "Expected Contamination Value") which represents the estimated costs to be incurred by the Developer to remediate, remove and transport any Hazardous Substances on the Acquisition Parcel pursuant to Section 214 of the DDA. If the Remediation Costs (as defined in Section 214 of the DDA) is less than the Expected Contamination Value, the difference between the Expected Contamination Value and the total Remediation Costs (within ninety (90) days of calculating the total Remediation Costs in accordance with the procedures as set forth in Section 214 of the DDA) shall be applied as a credit to reduce the outstanding principal balance owed by the Agency to the Developer under this Note as of the date said ninety (90) day period expires. If the total Remediation Costs are more than the Expected Contamination Value, any amount over the Expected Contamination Value shall be added to the outstanding principal balance owed by the Agency to the Developer under this Note as of the date said ninety (90) day period expires.

SECTION 2. MISCELLANEOUS PROVISIONS

A. Effect of First Amendment to Promissory Note; Promissory Note and Attachments to Remain in Effect. The Parties agree that, except as expressly provided otherwise in this First Amendment, the Promissory Note, and its attachments and any document executed or entered into pursuant to the Promissory Note, shall remain in full force and effect, enforceable in accordance with its terms and conditions, without diminution or waiver of any kind of any right or remedy of the Agency thereunder.

B. Governing Law. This First Amendment and the legal relations between the Parties shall be governed by and construed and enforced in accordance with the laws of the State of California.

C. Counterparts. This First Amendment may be executed in counterparts, each of which when executed shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

[THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK]

D. Authority. The Lender represents that the person executing this Promissory Note on behalf of the Lender has the full authority to do so.

IN WITNESS WHEREOF, Agency and Lender have signed this First Amendment as of the dates set opposite their signatures.

AGENCY

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

Date: _____

By: _____

Name: Janice L. Weinrick

Title: Deputy Executive Director

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

MICHAEL J. AGUIRRE
General Counsel Redevelopment Agency

By: _____

Kendall D. Berkey
Deputy General Counsel

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

KANE, BALLMER & BERKMAN
Special Counsel Redevelopment Agency

By: _____

Murray O. Kane

LENDER

CITY HEIGHTS REALTY, LLC
a California limited liability company

By: PRICE CHARITIES,
a California non-profit benefit
corporation; Formerly named SAN
DIEGO REVITALIZATION
CORPORATION, a California non-
profit public benefit corporation
Its: Sole and Managing Member

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT "C"

Second Amended
Schedule of Performance

[Behind This Page]

SECOND AMENDED
SCHEDULE OF PERFORMANCE

A. GENERAL PROVISIONS

- | | |
|--|---|
| 1. <u>Execution of DDA by the Agency.</u> The Agency and City Council shall hold a joint public hearing on the DDA, and, subject to making the requisite findings, authorize execution and execute and deliver the DDA to the Developer. | Within 35 days after submission of executed DDA by Developer. |
| 2. <u>Submission - Developer's Advance.</u> The Developer to disburse funds to the Agency as part of the Developer's Advance. | No later than ten (10) days after receipt of Agency's Application for Payment pursuant to the Loan Agreement. |
| 3. <u>Submission - Architect, Landscape Architect and Civil Engineer.</u> The Developer shall submit to the Agency for approval the name and qualifications of its Architect, Landscape Architect and Civil Engineer. | Not later than execution of Second Implementation Agreement by Developer. |
| 4. <u>Approval - Architect, Landscape Architect and Civil Engineer.</u> The Agency shall approve or disapprove the Architect, Landscape Architect and Civil Engineer. | Concurrently with execution of Second Implementation Agreement by Agency. |
| 5. <u>Submission - Basic Concept/Schematic Drawings.</u> The Developer shall submit to the Agency for approval the Basic Concept/Schematic Drawings and related documents. | Not later than execution of Second Implementation Agreement by Developer. |
| 6. <u>Approval - Basic Concept/Schematic Drawings.</u> The Agency shall approve or disapprove the Basic Concept/Schematic Drawings and related documents. | Concurrently with execution of Second Implementation Agreement by Agency. |
| 7. <u>Execution of Right of Entry Agreement.</u> The Agency and Developer shall execute the Right of Entry Agreement. | Within ten (10) days of the Notice of Possession delivered from Agency to Developer. |

B. FINANCING COMMITMENTS

- | | | |
|----|---|---|
| 1. | <u>Evidence of Financing.</u> The Developer shall submit to the Agency commitments for the Construction Loan, including Construction Loan documents, and/or evidence of Developer's Equity. | Not later than thirty (30) days prior to the scheduled Closing Date. |
| 2. | <u>Approval of Financing.</u> The Agency shall approve or disapprove the evidence of financing. | Within fifteen (15) days after Agency receives each such submission of evidence of financing. |

C. CLOSING AND CONSTRUCTION

- | | | |
|----|---|---|
| 1. | <u>Submission – 100% Design Development Drawings.</u> The Developer shall prepare and submit to the Agency for approval the 100% Design Development Drawings. | Within thirty (30) days after Agency approval of the Basic Concept/Schematic Design Drawings. |
|----|---|---|

Note: These drawings will be approved in increments as they are submitted.

- | | | |
|----|--|--|
| 2. | <u>Approval - 100% Design Development Drawings.</u> The Agency shall approve or disapprove the 100% Design Development Drawings. | Within thirty (30) days after submittal. |
|----|--|--|

Note: These drawings will be approved in increments as they are submitted.

- | | | |
|----|---|---|
| 3. | <u>Submission - Final Construction Drawings and Specifications.</u> The Developer shall prepare and submit to the Agency for approval the Final Construction Drawings and Specifications. | Within one hundred twenty (120) days after Agency approval of the Basic Concept/Schematic Design Drawings, but not later than thirty (30) days prior to the scheduled Closing Date. |
|----|---|---|

Note: These drawings will be submitted in normal increments as they are completed.

- | | | |
|----|--|--|
| 4. | <u>Approval - Final Construction Drawings and Specifications.</u> The Agency shall approve or disapprove the Final Construction Drawings and Specifications. | Within thirty (30) days after submittal. |
|----|--|--|

Note: These drawings will be approved in increments as they are submitted.

5. Opening of Escrow. The Agency and Developer shall open an escrow for conveyance of the Acquisition Parcel. At least thirty (30) days prior to the date established herein for the Closing.
6. Relocation of Existing Tenants. The Agency shall use its best efforts to relocate the existing tenant, Jack-in-the-Box, on the Acquisition Parcel. Not later than January 31, 2009.
7. Notice of Possession. Agency shall give Developer written notice (“Notice of Possession”) in accordance with Section 215.a of the DDA. Within fifteen (15) days upon Agency obtaining possession of the Acquisition Parcel.
8. Demolition and Removal. Agency shall complete demolition and removal of the existing Jack-in-the-Box building and other improvements pursuant to Section 202 of the DDA. No later than ninety (90) days after relocation of the existing tenant, Jack-in-the-Box.
9. Closing Date. Agency and Developer shall satisfy all of their respective conditions precedent to the Closing. On or before the later of (i) October 1, 2009 and (ii) one hundred fifty (150) days after the Agency has given notice to Developer that the Agency has completed its Demolition and Removal activities pursuant to Section 202 of the DDA.
10. Local Hiring/Contracting Program. The Developer shall carry out the local hiring/contracting program in accordance with DDA Section 309. Prior to the Commencement of Construction.
11. Commencement of Construction. The Developer shall commence construction of the Improvements on the Site in accordance with the DDA. Within thirty (30) days after Closing.
12. Completion of Construction. The Developer shall complete construction of the Improvements on the Site. Within four hundred eighty-five (485) days (e.g., 16 months) after Commencement of Construction.

EXHIBIT "D"

(Revised)
Grant Deed

[Behind This Page]

OFFICIAL BUSINESS
Document entitled to free
recording per Government Code
Section 27383.

Recording Requested By:
THE REDEVELOPMENT AGENCY OF THE CITY
OF SAN DIEGO
1200 Third Avenue; Suite 1400
San Diego, California 92101
Attention: City Heights Project Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic of the State of California, herein called "Grantor," acting to carry out the Redevelopment Plan for the City Heights Redevelopment Project, herein called "Redevelopment Plan," under the Community Redevelopment Law of the State of California, hereby grants to CITY HEIGHTS REALTY, LLC, a California limited liability company, herein called "Grantee," the real property, hereinafter referred to as the "Property," described in the document attached hereto, labeled Exhibit "A" and incorporated herein by this reference.

Said Property is conveyed in accordance with and subject to the Redevelopment Plan for the City Heights Redevelopment Project which was approved and adopted on May 11, 1992, by Ordinance No. 0-17768 [New Series] of the City Council of the City of San Diego, the Disposition and Development Agreement entered into by and between Grantor ("Agency" therein) and San Diego Revitalization Corporation ("Developer" therein) dated May 3, 2005, as amended by that certain First Implementation Agreement dated November 30, 2007 and that certain Second Implementation Agreement dated _____ (collectively, the DDA), pursuant to which the Grantor, among other things, acknowledged and approved the official corporate name change of San Diego Revitalization Corporation to Price Charities, a California public benefit corporation. The DDA and other associated agreements were assigned by Price Charities to the Developer by that certain Assignment and Assumption Agreement dated _____. All such documents are public records on file in the offices of the City Clerk of the City of San Diego and the Grantor, and are by reference thereto incorporated herein as though fully set forth herein. The Property is that certain real property referred to in the DDA as the "Acquisition Parcel." Upon conveyance of the Property pursuant to this Grant Deed there shall be no merger of the DDA.

All capitalized terms in this Grant Deed shall have the meanings ascribed to them in the DDA unless indicated to the contrary herein.

City Heights Square
Grant Deed

Grantor and Grantee agree as follows:

1. Grantee hereby covenants and agrees on behalf of itself and any successors and assigns in the Property or any portion thereof or any improvements thereon or any interest therein that Grantee, such successors and assigns shall comply with and be bound by all of the requirements of those certain covenants set forth in that certain Agreement Affecting Real Property (the "AARP") entered into of even date herewith by and between Grantor and Grantee with respect to the Site and recorded of even date herewith as Document No. _____ in the Official Records of San Diego County, California. Title to the Property is conveyed hereunder subject to the AARP at a purchase price herein called the "Purchase Price".

2. Grantee herein covenants and agrees by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property. The foregoing covenants shall run with the land.

3. Grantee and its successors and assigns, shall refrain from restricting the rental, sale, or lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the Property, Improvements thereon, or any portion thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

- b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

- c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

4. a. Prior to the recordation of a Release of Construction Covenants pursuant to the DDA, Grantee shall not, except as permitted by this Paragraph 4, make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or the Improvements thereon, without prior written approval of the Grantor. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall it prohibit leases for occupancy in the ordinary course of business or Permitted Transfers.

b. For purposes of this Paragraph 4, the term "Permitted Transfer" shall mean any of the following:

(1) An assignment of the DDA and all of Grantee's interests in the Property to (i) a limited liability company in which the Grantee owns majority interest and is the controlling and managing member with control over management; (ii) a limited partnership in which the Grantee owns majority interest and is the controlling and managing partner with control over management; (iii) an Affiliate; or (iv) Price Charities;

(2) Either before or after Completion, any Permitted Mortgage (as defined in the DDA), or the conveyance of title to the Mortgagee or its assignee in connection with a foreclosure or a deed in lieu of foreclosure of such Permitted Mortgage;

(3) A conveyance of the Property to (i) any limited partnership or limited liability company in which it is the controlling and managing general partner or managing member, (ii) a sale back from such partnership or limited liability company to such general partner or member, and the assignment of the DDA to such Assignee, as provided in Section 106.c of the DDA, if in the reasonable determination of the Grantor's Executive Director, the reconstituted "Developer" is comparable in all material respects (including experience and financial capability) to City Heights Realty, LLC, (iii) an Affiliate, or (iv) Price Charities;

(4) The inclusion of equity participation in Grantee by transfer of or addition of limited partners or members to the Grantee or similar mechanism, provided the Grantee retains majority interest and remains the controlling and managing member with control over management.

c. Any transfer described in clauses (1) through (4) shall be subject to the reasonable approval of the Agency Executive Director or designee. The foregoing prohibitions shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall they be construed to prohibit leases for occupancy in the ordinary course of business or Permitted Transfers.

d. Except as permitted by Paragraph 4.a, in the event that the Grantee does sell, transfer, convey or assign any part of the Property or buildings or structures thereon, prior to the recordation of a Release of Construction Covenants, in violation of this Grant Deed, the Grantor shall be entitled to increase the Purchase Price paid by the Grantee for the Property by the amount that the consideration payable for such sale, transfer, conveyance or assignment is in excess of the Purchase Price paid by the Grantee, plus the cost of improvements and development, including carrying charges and costs related thereto. The consideration payable for such sale, transfer, conveyance or assignment to the extent it is in excess of the amount so authorized shall belong and be paid to the Grantor and until paid the Grantor shall have a lien on the Property and any part involved for such amount. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall it apply to any Permitted Mortgage permitted by the DDA for financing the development of the Property.

e. In the absence of a specific written agreement by the Grantor, and except as otherwise provided in this Paragraph 4, no such sale, transfer, conveyance or assignment of the Property (or any portion thereof), or approval by the Grantor of any such sale, transfer, conveyance or assignment, shall be deemed to relieve the Grantee or any other party from any obligations under the DDA.

f. The prohibitions set forth in this Paragraph 4 shall remain in effect only until the issuance of a Release of Construction Covenants.

5. Prior to the recordation of a Release of Construction Covenants to be issued by the Grantor in accordance with Section 322 of the DDA, the following shall apply:

a. Subject to the notice and cure provisions of Section 501 of the DDA, and subject to any Permitted Mortgage, in the event of an uncured default described in this Paragraph 5.a below, Grantor shall have the right, at its option, to reenter and take possession of the Property with all improvements thereon, and to terminate and revest in Grantor the estate theretofore conveyed to Grantee:

(1) Grantee fails to commence construction of the improvements as required by the DDA for a period of ninety (90) calendar days after written notice from Grantor, provided that Grantee shall not have obtained an extension or postponement to which the Grantee may be entitled pursuant to Section 602 of the DDA; or

(2) Grantee abandons or substantially suspends construction of the Improvements for a period of ninety (90) calendar days after written notice has been given by Grantor to the Grantee, provided Grantee has not obtained an extension or postponement to which the Grantee may be entitled to pursuant to Section 602 of the DDA; or

(3) Grantee assigns or attempts to assign the DDA, or any rights therein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of the DDA, and such breach is not cured within thirty (30) calendar days after the date of written notice thereof; or

(4) Grantee otherwise materially breaches the DDA, and such breach is not cured within the time provided in Section 501 of the DDA.

b. Such right to reenter, repossess, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit, and Grantor's rights shall be subject and subordinate to any rights or interests provided in the DDA for the protection of any Mortgagee of a Permitted Mortgage Loan.

c. Upon the revesting in Grantor of title to the Property, or any part thereof, as provided in this Paragraph 5, Grantor shall, pursuant to its responsibilities under state law, use its best efforts to resell the Property, as soon and in such manner as Grantor shall find feasible and consistent with the objectives of the Community Redevelopment Law and the Redevelopment Plan to a qualified and responsible party or parties (as determined by Grantor), who will assume the obligation of making or completing the Improvements, or such other improvements in their stead, as shall be satisfactory to Grantor and in accordance with the uses specified for the Site, or any part thereof, in the Redevelopment Plan. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

(1) First, repayment in full of the outstanding balance of any Permitted Mortgage Loan, to the extent allocable to the Property;

(2) next, to reimburse Grantor on its own behalf or on behalf of the City of San Diego of all costs and expenses incurred by Grantor, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by Grantor from the sale of the Property, or any part thereof, in connection with such management); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of ownership, then such taxes, assessments or charges, as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to the Grantor by Grantee and its successor or transferee; and

(3) third, to reimburse Grantee, its successor or transferee, up to the amount equal to: the sum of the Purchase Price paid to the Grantor for the Property (or allocable to the part thereof); and the costs incurred for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less the Permitted Mortgage Loan, to the extent allocable to the Property.

d. Any balance remaining after such reimbursements shall be retained by Grantor as its property.

e. To the extent that the right established in this Paragraph 5 involves a forfeiture, it must be strictly interpreted against Grantor, the party for whose benefit it is created. The rights established in this Paragraph 5 are to be interpreted in light of the fact that Grantor will convey the Property to Grantee for development and not for speculation.

6. All conditions, covenants and restrictions contained in this Grant Deed shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Grantor, its successors and assigns, and the City of San Diego (the "City") and its successors and assigns, against Grantee, its successors and assigns, to or of the Property conveyed herein or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof. Grantor and the City shall be deemed the beneficiaries of the covenants, conditions and restrictions of this Agreement both for and in their own rights and for the purposes of protecting the interests of the community. Grantor shall have the right, in the event of any breach of any such covenants, conditions and restrictions, to exercise all the rights and remedies, and to maintain any actions at law or suit in

equity or other proper proceedings to enforce the curing of such breach of agreement or covenant. The covenants, conditions, and restrictions shall run in favor of the Grantor and the City, without regard to whether the Grantor or City have been, remain, or own any land or interest therein in the Property or the Redevelopment Project area. Except as provided in the preceding sentence, the covenants, conditions and restrictions contained in this Grant Deed shall not benefit nor be enforceable by any owner of any other real property within or outside the Redevelopment Project area or any person or entity having any interest in any such other real property.

7. Except as provided in this Paragraph 7, every covenant and condition and restriction contained in this Grant Deed shall remain in effect until the expiration of the effectiveness of the Redevelopment Plan (currently scheduled for May 11, 2032). The covenants against discrimination set forth in Paragraph 2 and Paragraph 3 of this Grant Deed shall remain in perpetuity. The covenants set forth in Paragraph 4 and Paragraph 5 of this Grant Deed shall terminate upon the recordation of the Release of Construction Covenants by Grantor pursuant to Section 322 of the DDA.

8. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest in the Property; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of this _____ day of _____, 2008.

GRANTOR:

REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM AND LEGALITY
ON THIS _____ day of _____.

MICHAEL J. AGUIRRE
Agency General Counsel

By: _____
Kendall D. Berkey,
Deputy General Counsel

APPROVED AS TO FORM AND LEGALITY
ON THIS _____ day of _____.

KANE, BALLMER & BERKMAN
Special Counsel Redevelopment Agency

By: _____
Murray O. Kane

The grantee hereby accepts the written deed, subject to all of the matters hereinbefore set forth.

GRANTEE:

CITY HEIGHTS REALTY, LLC
a California limited liability company

By: PRICE CHARITIES,
a California non-profit benefit corporation;
Formerly named SAN DIEGO
REVITALIZATION CORPORATION, a
California non-profit public benefit
corporation

Its: Sole and Managing Member

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 10:

All of Lots 25, 26, 27 and 28 in Block 46 of City Heights, in the City of San Diego, County of San Diego, State of California, according to Amended Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906.

Together with Easterly 10.00 feet of the alley adjacent to said Lots 25 through 28 as vacated by Resolution No. 200796, recorded September 16, 1970 as File No. 167930 of Official Records of said County.

EXCEPTING THEREFROM the Easterly 10.00 feet of Lots 26, 27 and 28, Block 46, City Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906, together with that portion of Lot 25 of said Block 46 lying Easterly and Southeasterly of a line described as follows:

Beginning at the intersection of the North line of said Lot 25 with the West line of the Easterly 10.00 feet of said Lot 25; thence South along said West line, a distance of 10.00 feet to the beginning of a tangent curve concave Northwesterly, having a radius of 15.00 feet; thence Southwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 23.56 feet to the point of tangency in the South line of said Lot 25, said point being 25.00 feet Westerly of the Southeast corner of said Lot 25.

PARCEL 10A:

An easement and right of way for road, access and utility purposes over and through the following described property in the City of San Diego, County of San Diego, State of California:

Beginning at a point in the center line of the alley in Block 46 of City Heights, according to Amended Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906, which point is on the Easterly prolongation of the Northerly line of Lot 21; in said Block 46, thence Southerly along the center line of said alley to a point in the Easterly prolongation of the Southerly line of Lot 24 in said Block 46; thence Westerly along the prolongation of the Southerly line of said Lot 24 in said Block 46 to the Southeasterly corner of said Lot 24 in said Block 46; thence Northerly along the Westerly line of said alley to the Northeasterly corner of Lot 21 in said Block 46; thence Easterly along the Easterly prolongation of the Northerly line of said Lot 21 in said Block 46 to the Point of Beginning.

(APN: 471-452-27; 471-452-30)

EXHIBIT "E"

Right of Entry Agreement

[Behind This Page]

FORM OF RIGHT OF ENTRY AGREEMENT

THIS RIGHT OF ENTRY AGREEMENT is made by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (the "Agency") and CITY HEIGHTS REALTY, LLC a California limited liability company (the "Developer"), collectively referred to herein as the Parties, in consideration of the mutual covenants and promises set forth below, with reference to the following:

RECITALS

A. WHEREAS, the Agency and the Developer are parties to that certain Disposition and Development Agreement effective May 3, 2005, as amended by that certain First Implementation Agreement dated November 30, 2007, and further amended by that certain Second Implementation Agreement dated _____ (collectively, the "DDA") for the disposition and development of that certain real property located in the City Heights Square Redevelopment Project area in the City of San Diego, State of California, as described in the DDA. The DDA, the Loan Agreement, the Promissory Note, the Pledge Agreement and other associated agreements were assigned by Price Charities, a California public benefit corporation, to the Developer by that certain Assignment and Assumption Agreement dated _____; and

B. WHEREAS, the Developer's exercise of this Right of Entry is made pursuant to Section 215 of the DDA; and

C. WHEREAS, the real property to be developed pursuant to the DDA includes certain parcels owned by the Developer (referred to in the DDA as the "Developer's Parcel") and a certain parcel to be conveyed to the Developer by the Agency. The parcel to be conveyed by the Agency is referred to in Section 104 of the DDA as the Acquisition Parcel, more precisely illustrated by the "Legal Description of the Acquisition Parcel", incorporated herein and attached hereto as Exhibit "A"; and

D. WHEREAS, the Developer desires to undertake certain excavation and remediation work on the Acquisition Parcel set forth in the "Scope of Work" which is incorporated by reference herein and attached to this Right of Entry as Exhibit "B" and the "Property Mitigation Plan" prepared by SCS Engineers, dated _____, 2008 (and any subsequent modifications thereof which may be required by the County of San Diego Department of Environmental Health), which is incorporated by reference herein and attached hereto as Exhibit "C" (collectively, the "Remediation Work"), prior to the conveyance of the Acquisition Parcel to the Developer as provided for in the DDA; and

E. WHEREAS, the Agency is willing to allow such Remediation Work to proceed before conveyance of the Acquisition Parcel to the Developer with Developer's satisfaction of the conditions in Section 215 of the DDA, if such work is strictly limited to the work described in this Right of Entry, and if the Developer agrees to restore, or

provide for the restoration of, the Acquisition Parcel as set forth herein below if the Acquisition Parcel is not conveyed pursuant to the DDA.

NOW, THEREFORE, the Parties hereto hereby agree as follows:

1. Permission is hereby granted by the Agency to the Developer or its designated contractor, contractors, consultant or consultants, to enter onto the Acquisition Parcel in connection with the Remediation Work, which shall be approved by the Agency as a condition precedent prior to entry. With the exception of the Remediation Work contemplated by this Right of Entry, the Developer shall not be authorized to use the Acquisition Parcel for any other purpose.

2. The Agency has no responsibility for any remediation work with respect to the Acquisition Parcel as set forth in Sections 214 of the DDA. Under this Right of Entry Agreement, Section 214 of the DDA governs the rights and obligations of the Agency and the Developer with respect to the matters referred to therein (including without limitation the remediation of Hazardous Substances) in the same manner as if title to the Acquisition Parcel had been conveyed to the Developer.

3. The Developer shall keep the Acquisition Parcel free from all encumbrances and liens of whatsoever nature arising from the Developer's activities on the Acquisition Parcel during the performance of the Remediation Work (and if applicable the Acquisition Parcel Restoration Work, as defined in Paragraph 12 below), except for encumbrances in existence before exercise of the Right of Entry. The Developer shall defend, hold harmless and indemnify the Agency from and against any and all such encumbrances and/or liens, and from and against any claim, liability, cost or expense (including all costs and attorneys' fees), which may be filed or instituted against the Acquisition Parcel, and which is in any way connected with the Developer's work on the Acquisition Parcel, including without limitation the Developer's failure (or the failure of any contractor or subcontractor hired by the Developer) to pay any person or persons referred to in Section 3181 of the California Civil Code.

4. In accordance with California Revenue and Taxation Code Section 107.6(a), the Agency states that by entering into this Right of Entry, a possessory interest subject to property taxes may be created. The Developer or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. In the event the Acquisition Parcel and/or any improvements thereon, or any possessory interest therein, should at any time after the commencement of this Right of Entry be subject to ad valorem taxes or assessments levied, assessed or imposed on such property, the Developer shall pay such taxes and assessments attributable to this Right to Entry when they are due.

5. The Developer hereby releases and agrees to defend, hold harmless and indemnify the Agency, the City of San Diego (the "City"), and their respective officers, employees, contractors and agents, from and against all claims, liability, loss, damage,

cost and expenses, however the same may be caused, including all costs and attorneys' fees in providing the defense to any claim arising therefrom, for any loss of, or damage to, property (real and/or personal) or personal injury to or death of any person or persons arising out of or occurring by reason of, or in any way connected with the Developer exercising its rights under the grant of this Right of Entry by the Agency to the Developer.

6. Prior to the entry of the Developer onto the Acquisition Parcel, the Developer shall deliver to the Agency the certificates evidencing bodily injury and property damage insurance specified in Section 308 of the DDA, which shall be reasonably approved by the Agency prior to entry.

7. The Developer shall use the Acquisition Parcel at reasonable times and in a reasonable manner. It is agreed that the Developer shall bear the cost of repairing any and all damage to the Acquisition Parcel and/or to adjacent public rights-of-way and other adjacent properties, caused by the performance of the Remediation Work (and if applicable the Acquisition Parcel Restoration Work).

8. All costs incurred in connection with the performance of the Remediation Work shall be borne by the Developer in accordance with Section 214 of the DDA.

9. The Agency agrees to cooperate reasonably with the Developer's efforts to secure all appropriate applications and governmental permits necessary, if any, to conduct the Remediation Work.

10. If the Developer shall perform, or attempt to perform, any work on the Acquisition Parcel other than such work within the scope of the Remediation Work as defined herein, or if the Developer shall cause any encumbrance and/or lien to be imposed on the Acquisition Parcel in violation of Paragraph 3 hereof, or if the Developer shall fail to comply with any other material provision of this Right of Entry, (or of the DDA as applicable hereto), and if any such default or failure shall not be cured within sixty (60) days after the date of written demand by the Agency, then this Right of Entry and any rights of the Developer in this Right of Entry, or arising therefrom with respect to the Agency, shall at the option of the Agency, be terminated by written notice to the Developer.

11. The permission granted by this Right of Entry shall terminate with respect to the Acquisition Parcel, on the earlier of (a) conveyance of the Acquisition Parcel to the Developer pursuant to the DDA, or (b) termination of the DDA by either party thereto and for any reason, or (c) termination of this Right of Entry by the Agency pursuant to Paragraph 10 hereof.

12. Upon the termination of this Right of Entry with respect to the Acquisition Parcel, as provided in clause (b) or (c) of Paragraph 11 hereof due to breach of this Right of Entry or the DDA by the Developer, the Developer shall, at Developer's sole cost and

expense, cause the Acquisition Parcel to be restored to the same condition as its condition prior to the Developer's entry onto the Acquisition Parcel under this Right of Entry (including, without limitation, demolition and removal of any and all improvements theretofore constructed or installed on the Acquisition Parcel by the Developer; importation, filling and compaction of soil to the original surface elevation; and removal of any and all construction equipment and facilities on the Acquisition Parcel), to the fullest extent physically possible, except for any elements of the Developer's work on the Acquisition Parcel which the Agency may specify, in its sole and absolute discretion, shall remain in place, or any prior improvements or work which the Agency may specify, in its sole and absolute discretion, shall not be restored by the Developer. Such specifications shall be made by the Agency by written notice served on the Developer within thirty (30) days after the date of termination of the DDA, or termination of this Right of Entry, as applicable. The Developer shall commence its required restoration work on the Acquisition Parcel (the "Acquisition Parcel Restoration Work") within sixty (60) days after the date of termination of the DDA, or this Right of Entry, as applicable, after receipt from the Agency of the written notice referred to in the preceding sentence. The Developer shall complete the Acquisition Parcel Restoration Work within one hundred eighty (180) days after the date of termination of the DDA, or this Right of Entry, as applicable.

13. If the Developer fails to commence, or complete, the Acquisition Parcel Restoration Work (referred to in Paragraph 12) within the time respectively established therefor in Paragraph 12, then the Agency shall have the right, at its option, to carry out the Acquisition Parcel Restoration Work (or any remaining portion thereof) itself, and the Developer agrees that all direct and indirect costs and expenses incurred by the Agency in connection with performing such Acquisition Parcel Restoration Work (including without limitation all third party contracts and Agency, City and/or staff time, but excluding general overhead) shall be credited to reduce the outstanding principal balance owed by the Agency under the Promissory Note dated May 10, 2005, as amended by that certain First Amendment to Promissory Note (collectively, the "Promissory Note"). If the Agency has elected to perform the Acquisition Parcel Restoration Work (or any remaining portion thereof) itself, the Developer shall promptly, and in any event no later than ten (10) days after receipt of the election notice from the Agency, wind up its activities on the Acquisition Parcel (including without limitation such activities as are necessary to leave the Acquisition Parcel in a safe and secure condition), and relinquish full possession of the Acquisition Parcel to the Agency. The Agency shall provide the Developer with written reports at least once every two (2) months showing the specific nature and amount of costs and expenses of the Acquisition Parcel Restoration Work. The Agency shall cooperate with the Developer and economically carry out any Acquisition Parcel Restoration Work in such a manner as to minimize the Agency's credit to reduce the outstanding principal balance owed by the Agency under the Promissory Note consistent with the purposes and objectives of this Right of Entry.

14. This Right of Entry shall be deemed an implementation agreement to the DDA, and the terms and conditions of the DDA shall govern this Right of Entry to the full extent applicable.

[signatures begin on following page]

IN WITNESS WHEREOF, the parties hereto have executed three (3) duplicate originals of this Right of Entry. This Right of Entry shall be effective and dated when signed by the Agency.

AGENCY

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

Date: _____

By: _____

Name: Janice L. Weinrick

Title: Deputy Executive Director

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

MICHAEL J. AGUIRRE
General Counsel Redevelopment Agency

By: _____

Kendall D. Berkey

Deputy General Counsel

APPROVED the form and legality of this Agreement
this _____ day of _____, 2008.

KANE, BALLMER & BERKMAN
Special Counsel Redevelopment Agency

By: _____

Murray O. Kane

[signatures continue on following page]

DEVELOPER

CITY HEIGHTS REALTY, LLC
a California limited liability company

By: PRICE CHARITIES,
a California non-profit benefit
corporation; Formerly named SAN
DIEGO REVITALIZATION
CORPORATION, a California non-
profit public benefit corporation
Its: Sole and Managing Member

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE ACQUISITION PARCEL

PARCEL 10:

All of Lots 25, 26, 27 and 28 in Block 46 of City Heights, in the City of San Diego, County of San Diego, State of California, according to Amended Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906.

Together with Easterly 10.00 feet of the alley adjacent to said Lots 25 through 28 as vacated by Resolution No. 200796, recorded September 16, 1970 as File No. 167930 of Official Records of said County.

EXCEPTING THEREFROM the Easterly 10.00 feet of Lots 26, 27 and 28, Block 46, City Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906, together with that portion of Lot 25 of said Block 46 lying Easterly and Southeasterly of a line described as follows:

Beginning at the intersection of the North line of said Lot 25 with the West line of the Easterly 10.00 feet of said Lot 25; thence South along said West line, a distance of 10.00 feet to the beginning of a tangent curve concave Northwesterly, having a radius of 15.00 feet; thence Southwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 23.56 feet to the point of tangency in the South line of said Lot 25, said point being 25.00 feet Westerly of the Southeast corner of said Lot 25.

PARCEL 10A:

An easement and right of way for road, access and utility purposes over and through the following described property in the City of San Diego, County of San Diego, State of California:

Beginning at a point in the center line of the alley in Block 46 of City Heights, according to Amended Map thereof No. 1007, filed in the Office of the County Recorder of San Diego County, October 3, 1906, which point is on the Easterly prolongation of the Northerly line of Lot 21; in said Block 46, thence Southerly along the center line of said alley to a point in the Easterly prolongation of the Southerly line of Lot 24 in said Block 46; thence Westerly along the prolongation of the Southerly line of said Lot 24 in said Block 46 to the Southeasterly corner of said Lot 24 in said Block 46; thence Northerly along the Westerly line of said alley to the Northeasterly corner of Lot 21 in said Block 46; thence Easterly along the Easterly prolongation of the Northerly line of said Lot 21 in said Block 46 to the Point of Beginning.

(APN: 471-452-27; 471-452-30)