

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, NOVEMBER 16, 2022, AT 5:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

NOTICE TO THE PUBLIC

Meetings of the Board of Directors of the Vallecitos Water District will be held in the Board Room at the District Office located at 201 Vallecitos de Oro, San Marcos, California, on the date and time identified above.

Vallecitos Water District is following the guidance issued by the County of San Diego, effective March 1, 2022, which follows the California Department of Public Health guidance which recommends that persons attending public meetings are strongly recommended to wear a face covering in indoor public settings, whether vaccinated or not. The Department of Industrial Relations also strongly recommends, but does not require, the use of face coverings by all visitors.

BROADCAST OF THE MEETING. Members of the public may watch the meeting live via computer or smart device by going to the District’s website: [www.vwd.org/meetings](http://www.vwd.org/meetings) and clicking on the “Watch Live” icon; however, they will not be able to participate in the meeting remotely.

LISTEN TO THE MEETING. Members of the public may listen to the meeting live on their phone by dialing (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District’s website.

PLEDGE OF ALLEGIANCE

ROLL CALL

ADDITIONS TO THE AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code upon a determination by a majority vote of the Vallecitos Board that an emergency situation exists, as defined in Section 54956.5, or upon a determination by a two-thirds vote of the Board present at the meeting, or, if less than two-thirds of the Board are present, a unanimous vote of Board members present, that there is a need to take immediate action and that the need for action came to the attention of the Vallecitos Water District subsequent to the agenda being posted.

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 16, 2022

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible. Public comment should start by stating name, address, and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

PRESENTATION(S)

The District's Public Information and Conservation team will be presented with two awards from the San Diego Press Club, First Place – Imagine a Day Without Water with the Mayor, and Second Place – Video Editing Landscape Contest.

CONSENT CALENDAR

All matters listed under the Consent Calendar are expected to be routine and non-controversial, to be acted upon by the Board by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

1.1 APPROVAL OF MINUTES (pp. 6-14)

- A. REGULAR BOARD MEETING – NOVEMBER 2, 2022
- B. LEGAL/LEGISLATIVE COMMITTEE MEETING – NOVEMBER 3, 2022
- C. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – NOVEMBER 7, 2022

*Approved minutes become a permanent public record of the District.*

**Recommendation: Approve Minutes**

1.2 WARRANT LIST THROUGH NOVEMBER 16, 2022 - \$4,081,832.65 (pp. 15-17)

**Recommendation: Approve Warrant List**

1.3 FINANCIAL REPORTS (pp. 18-38)

- A. WATER METER COUNT – OCTOBER 31, 2022
- B. WATER PRODUCTION/SALES REPORT – 2022/2023
- C. PER CAPITA WATER CONSUMPTION – OCTOBER 31, 2022
- D. WATER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2022
- E. SEWER REVENUE AND EXPENSE REPORT – OCTOBER 31, 2022

- F. RESERVE FUNDS ACTIVITY – OCTOBER 31, 2022
  - G. INVESTMENT REPORT – OCTOBER 31, 2022
  - H. LEGAL FEES SUMMARY – OCTOBER 31, 2022
- 1.4 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SAN MARCOS HIGHLANDS PHASE 2 (KB HOME CALIFORNIA, LLC.) (pp. 39-40)

*The 37-lot single-family residential development is located on North Las Posas Road, just north of Borden Road.*

**Recommendation: Accept the project water and sewer improvements for San Marcos Highlands Phase 2**

- 1.5 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE “HIGH POINT SEWER ANNEXATION” INTO THE VALLECITOS WATER DISTRICT FOR SEWER SERVICE (CALIFORNIA WEST COMMUNITIES) (pp. 41-42)

*The properties are approximately 15.52 combined acreage located on Woodland Heights Glen in Escondido.*

**Recommendation: Approve the conditions for sewer annexation into the Vallecitos Water District**

\*\*\*\*\*END OF CONSENT CALENDAR\*\*\*\*\*

PUBLIC HEARING

- 2.1 CONTINUED FROM NOVEMBER 2, 2022, BOARD OF DIRECTORS MEETING – CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR’S PARCEL NUMBER (APN) 228-360-43 AND (2) APNS 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA (pp. 43-260)

*The immediate need for the easement acquisitions is necessary to proceed with the construction of the project which will benefit the community.*

**Recommendation: (1) Hold public hearing; and (2) Adopt Resolutions of Necessity for the acquisition of certain permanent and temporary easement interests by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project**

\*\*\*\*\*END OF PUBLIC HEARING\*\*\*\*\*

ACTION ITEM(S)

- 3.1 APPROVE PAYMENT FOR EMERGENCY REPAIR OF 14" WATER MAIN ON SAN MARCOS BOULEVARD (pp. 261-263)

*The 14-inch Prestressed Concrete Cylinder Pipe (PCCP) begins in Escondido and is located in Rock Springs Road, East Mission Road, and San Marcos Boulevard.*

**Recommendation: Approve payment to Cass Arrieta for emergency repair**

\*\*\*\*\*END OF ACTION ITEM(S)\*\*\*\*\*

REPORTS

- 4.1 GENERAL MANAGER
- 4.2 DISTRICT LEGAL COUNSEL
- 4.3 SAN DIEGO COUNTY WATER AUTHORITY
- 4.4 ENCINA WASTEWATER AUTHORITY
- *Board of Directors Meeting*
  - *Capital Improvement Committee*
  - *Policy and Finance Committee*
- 4.5 STANDING COMMITTEES
- 4.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

\*\*\*\*\*END OF REPORTS\*\*\*\*\*

OTHER BUSINESS

- 5.1 MEETINGS

\*\*\*\*\*END OF OTHER BUSINESS\*\*\*\*\*

- 6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

\*\*\*\*\*END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS\*\*\*\*\*

- 7.1 ADJOURNMENT

\*\*\*\*\*END OF AGENDA\*\*\*\*\*

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Senior Executive Assistant at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website [www.vwd.org](http://www.vwd.org)

AFFIDAVIT OF POSTING

I, Anthony Flores, Senior Executive Assistant of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Thursday, November 10, 2022.

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Anthony Flores

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, NOVEMBER 2, 2022, AT 5:00 PM, AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Regular meeting to order at the hour of 5:00 p.m.

Present: Director Boyd-Hodgson  
Director Elitharp  
Director Hernandez  
Director Pennock  
Director Sannella

Staff Present: General Manager Pruim  
Assistant General Manager Gumpel  
Legal Counsel Gilpin  
Administrative Services Manager Emmanuel  
District Engineer Hubbard  
Chief Financial Officer Owen  
Operations & Maintenance Manager Pedrazzi  
Development Services Senior Engineer Lopez  
Asset Management Supervisor Bennett  
Information Technology Analyst Todd  
Senior Executive Assistant Flores  
Executive Assistant Johnson

Assistant General Manager Gumpel led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 2, 2022

22-11-01 MOTION WAS MADE by Director Hernandez, seconded by Director Pennock, and carried unanimously, to adopt the agenda for the Regular Board Meeting of November 2, 2022.

PUBLIC COMMENT

None.

CONSENT CALENDAR

22-11-02 MOTION WAS MADE by Director Pennock, seconded by President Elitharp, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – October 19, 2022
- B. Engineering/Equipment Committee Meeting – October 25, 2022

1.2 Warrant List through November 2, 2022 - \$4,184,489.00

1.3 Resolution Adopting the Annual Pay Schedule for Fiscal Year 2022/23

1.4 Asterra Satellite Leak Detection Collaboration Project with San Diego County Water Authority

1.5 Request for Annexation of Certain Property Designated as the “Nordahl 4-Lot Subdivision Water and Sewer Annexation” into the Vallecitos Water District for Water and Sewer Service (Afshin Shaybani)

PUBLIC HEARING

CONTINUED FROM OCTOBER 19, 2022, BOARD OF DIRECTORS MEETING – CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR'S PARCEL NUMBER (APN) 228-360-43 AND (2) APNS 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA

President Elitharp stated staff recommended this item be continued to the Wednesday, November 16, 2022, Regular Board Meeting to allow the District time to continue discussions with the property owners.

22-11-03 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to continue the Public Hearing to the November 16, 2022, Regular Board Meeting.

ACTION ITEM(S)

APPROVE AMENDED SOUTH LAKE LEASE AGREEMENT

Assistant General Manager Gumpel stated that the City of San Marcos entered into an agreement with the District on August 29, 2005, for use of the South Lake property as a site for expansion of their public trails system. He provided background information on the Southlake Park project and discussed improvements that will be made under the

proposed Draft Amended South Lake Agreement for public safety and protection of District facilities including an entrance gate, fencing, and signage. The City has provided the District proof of funding and has hired a contractor to oversee the improvements which are anticipated to be completed by the first quarter of 2023. As the property owner, the District is taking the first action to approve the amendment to the agreement. The City will place the approval of the amendment on a future City Council meeting agenda.

Staff recommended the Board approve the Draft Amended South Lake Agreement.

General discussion took place.

22-11-04 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to approve the Draft Amended South Lake Lease Agreement.

### FISCAL YEAR 2023 TACTICAL PLAN INITIATIVES

General Manager Pruim stated that this item was presented at the October 19, 2022, Board Meeting; however, as there were only three Directors present at that meeting, this item was presented for the full Board's consideration.

General Manager Pruim provided a brief overview of the 2022 Strategic Plan and associated Tactical Plan 2023 and Tactical Plan Initiatives (TPIs). He noted that at the October 19, 2022, Board Meeting, Director Boyd-Hodgson recommended three additional TPIs:

- Establish Bill Consolidation Best Practices
- Develop Landscape Conversion Materials/Program
- Develop Herbicide/Pesticide Best Management Practices

Staff recommended the Board adopt Tactical Plan 2023.

General discussion took place.

22-11-05 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Sannella, and carried unanimously, to adopt Tactical Plan 2023.

### ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) VOTE ON PROPOSED AMENDED AND RESTATED BYLAWS

General Manager Pruim stated ACWA will be holding a General Session Membership Meeting at their fall conference for the purpose of voting on the proposed Amended and Restated Bylaws. The District must designate a voting representative and an alternate by November 23, 2022. The consensus of the Board was to designate Director Hernandez as the District's voting representative and President Elitharp as the alternate.



REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin invited the Board to a dinner sponsored by his firm, Best Best & Krieger, that is scheduled during the ACWA fall conference.

Legal Counsel Gilpin commented on Senate Bill 1439, an amendment to the Levine Act relating to conflicts of interest with campaign donations. The Levine Act will apply to all elected officials on January 1, 2023, and prohibits elected officials from accepting campaign donations in excess of \$250 and then voting on entitlements, contracts, etc. for the donor.

SAN DIEGO COUNTY WATER AUTHORITY

President Elitharp reported on actions taken at the SDCWA Board's Regular Meeting on October 27.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the EWA Board approved a salary increase and contract extension for their General Manager at their last meeting.

STANDING COMMITTEES

Director Hernandez stated the Engineering/Equipment Committee discussed Tactical Plan 2023 at their recent meeting.

Director Sannella stated the Legal/Legislative Committee will meet on November 3 to discuss the Request for Proposal process for legal services.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Boyd-Hodgson reported on her participation on a One Water Alliance Council telephone call regarding the response to the water emergency in Jackson, Mississippi.

General discussion took place regarding the District's emergency preparedness.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez requested the Public Awareness/Personnel/Policy Committee review the District's ordinance regarding sewer/water study requirements for commercial developments.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 5:36 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, November 16, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Craig Elitharp, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruij, Secretary  
Board of Directors  
Vallecitos Water District

MINUTES OF A MEETING OF THE  
LEGAL/LEGISLATIVE COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
THURSDAY, NOVEMBER 3, 2022, AT 4:00 P.M.  
AT THE DISTRICT OFFICE IN THE BOARD ROOM  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Director Pennock called the meeting to order at the hour of 4:00 p.m.

Present: Director Pennock  
Director Sannella  
General Manager Pruum  
Assistant General Manager Gumpel  
Information Technology Analyst Todd  
Senior Executive Assistant Flores

PUBLIC COMMENT

None.

ITEM(S) FOR DISCUSSION

REVIEW PROCESS FOR LEGAL SERVICES PROPOSALS

General Manager Pruum stated that the Request for Proposal (RFP) for Legal Services has been drafted and is based on the 2017 RFP with some modifications. General Manager Pruum discussed the process and timeline for the RFP.

Director Sannella asked how many law firms would receive the RFP. General Manager Pruum informed the Committee that he intends to release the RFP to only qualified firms and that the number would be between 10-13 firms.

General discussion took place in regard to the proposed timeline. The Committee agreed to meet on January 11, 2023, at 4:00 p.m. to evaluate qualified proposals. Additionally, the Committee agreed to meet January 25, 2023, at 4:00 p.m. if needed to further evaluate the proposals.

The Committee expressed its support moving forward with the RFP process.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:34 p.m.

MINUTES OF A MEETING OF THE  
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, NOVEMBER 7, 2022, AT 10:00 A.M.  
AT THE DISTRICT OFFICE IN THE BOARD ROOM  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Director Boyd-Hodgson called the meeting to order at the hour of 10:00 a.m.

Present: Director Boyd-Hodgson  
Director Pennock  
General Manager Pruiam  
Assistant General Manager Gumpel  
Systems Administrator Drummond  
Senior Executive Assistant Flores

PUBLIC COMMENT

None.

ITEMS FOR DISCUSSION

PERSONNEL

**(Old Business) Intern Update**

Public Information/Conservation Supervisor Robbins provided the Committee with an update on the District's internship program. Greg Gauthier completed his summer internship with the District and was accepted to the San Diego County Water Authority's internship program. Ben Crane is the current intern at the District for the fall semester and will be attending a variety of activities with a number of departments throughout the District.

PUBLIC AWARENESS

**(New Business) Landscape Makeover Partnership with the San Diego County Water Authority**

Public Information/Conservation Supervisor Robbins provided the Committee with an update on the San Diego County Water Authority (SDCWA) WaterSmart Landscape Makeover Program and stated that the District will be partnering with SDCWA and hosting the program.

Director Boyd-Hodgson inquired when the dates will be for the program at the District. Public Information/Conservation Supervisor Robbins informed the Committee that the dates will be established in the new year after the holiday season.

Director Pennock asked if the District was the only agency partnering with SDCWA for the Landscape Makeover Program. General Manager Pruiam informed the Committee that SDCWA looks to partner with other agencies; however, the District does have a great locale

for the event. Public Information/Conservation Supervisor Robbins stated the District has built a strong relationship with SDCWA.

**(New Business) Possible “One Water Academy” - Two Times per Year with One Focusing on Water and the Other on Wastewater**

General Manager Pruim informed the Committee that this agenda item was presented to get feedback and/or support to conduct the One Water Academy two times per year. This would allow staff to focus one session on only water and the second session only on wastewater.

Director Pennock stated that the current One Water Academy is a full day and inquired if the District was looking for support for two whole days or if the sessions would be half days. General Manager Pruim informed the Committee that there has been some feedback for a shorter day for the session. If there are two sessions, staff would be able cut down the time significantly by reducing the amount of stops on the tour. General Manager Pruim stated that the two sessions would be run like a pilot program and would seek feedback through surveys.

The Committee supported the District piloting two sessions for the One Water Academy.

**(Old Business) Bill Dean - Possible Grant Funding and Goal Setting**

Public Information/Conservation Supervisor Robbins informed the Committee that the Metropolitan Water District of Southern California has an Innovative Conservation Program Grant available that is usually looking for innovative technologies in water conservation; however, it is very flexible. Public Information/Conservation Supervisor Robbins reached out to Bill Dean to partner and possibly submit a proposal to fund the 5<sup>th</sup> grade school program. Public Information/Conservation Supervisor Robbins asked the Committee if there was a specific goal for the number of students to train.

Director Boyd-Hodgson asked if the grant would replace the current budgeted amount for the program. General Manager Pruim stated that it would be the full Board’s decision to switch out the current budget with the grant funds and determine the number of classrooms to participate in the program.

General discussion took place. The Committee supported moving forward with the grant application.

POLICY

**(New Business) Board Member Seats on U.S. Water Alliance “One Water Council”**

Public Information/Conservation Supervisor Robbins informed the Committee that along with membership to the U.S. Water Alliance, the District received two seats on the One Water Council (Council). Public Information/Conservation Supervisor Robbins asked if the Committee would like to make a recommendation to bring to the full Board for approval.

Director Boyd-Hodgson expressed her interest in sitting on the Council. General Manager Pruim stated that due to the timing of the Board meeting in December, if any of the Directors have interest in sitting on the Council, they can express their interest to the incoming Board President and that the Board will make the final approval at the December meeting.

**(Old Business) Ordinances, Policies, Resolutions, and Practices - Discussion/Update**

General Manager Pruim presented a list of ordinances and policies that the District is currently working on and proposed the following list be brought back before the Committee for review at their December meeting:

- Ordinance No. 175, Timing of Cap Fees Payment (Water Capital Facility Fees)
- Ordinance No. 176, Timing of Cap Fees Payment (Sewer Capital Facility Fees)
- Inactive Account Status
- Bill Payment Arrangements

Director Boyd-Hodgson requested staff also review the Board Orientation Handbook and bring it to the Committee at their December meeting.

**NEXT MEETING DATE – DECEMBER 5, 2022**

The next Committee meeting is scheduled for 10:00 a.m. on Monday, December 5, 2022, in the Board Room.

**ADJOURNMENT**

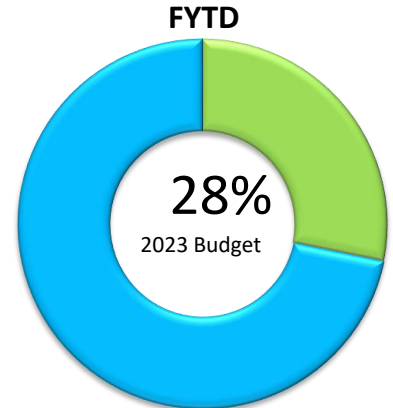
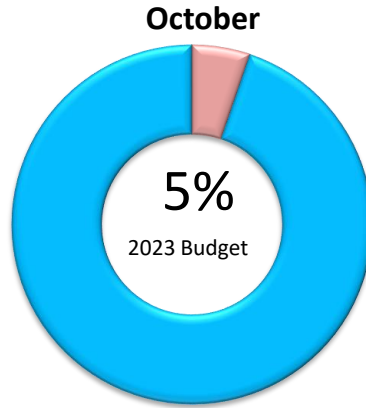
There being no further business to discuss, the meeting adjourned at the hour of 10:51 a.m.

**VALLECITOS WATER DISTRICT  
DISBURSEMENTS SUMMARY  
October 31, 2022**

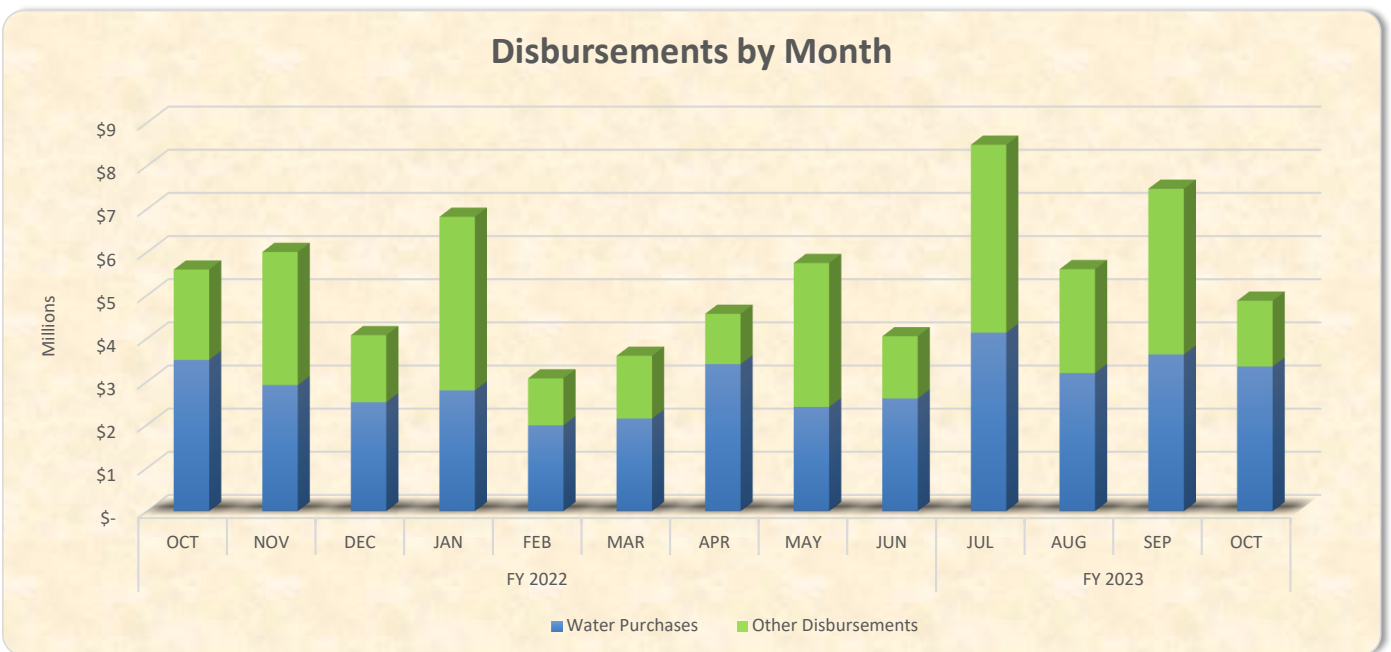
**Summary**

|  |                 |
|--|-----------------|
| <span style="color: #c00000;">■</span> October Disbursements | \$ 4,873,108 *  |
| <span style="color: #008000;">■</span> YTD Disbursements     | \$ 26,432,593 * |
| <span style="color: #0070c0;">■</span> FY2023 Budget         | \$ 93,704,000   |

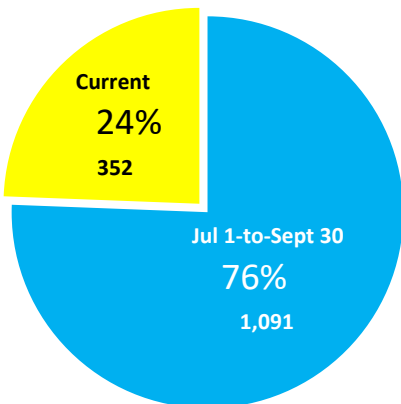
\* Excludes Debt Service



**Disbursements by Month**



**Invoices Processed**



**Top 10 Vendors - FYTD**

|                                    |          |
|------------------------------------|----------|
| SAN DIEGO COUNTY WATER AUTH.       | \$14.3M  |
| ENCINA WASTEWATER AUTHORITY        | \$5.2M   |
| PUBLIC EMPLOYEES RETIRE SYSTM      | \$1.6M   |
| ACWA/JOINT POWERS INSURANCE        | \$1.1M   |
| ADVANCED INDUSTRIAL SERVICES, INC. | \$502.2k |
| PENCCO, INC.                       | \$262.1K |
| J.R.FILANC CONSTRUCTION CO INC     | \$216.1K |
| AQUA-METRIC SALES CO               | \$200.3K |
| SSA SOLAR OF CA 5, LLC             | \$176.0K |
| NV5, INC.                          | \$142.0K |

VALLECITOS WATER DISTRICT  
WARRANTS LIST  
November 16, 2022

| PAYEE                                      | DESCRIPTION  | CHECK#         | AMOUNT |            |
|--|--|----------------|--------|------------|
| Garnishments                               | Payroll Garnishments   | 125363 through | 125364 | -          |
| Void                                       | VOID   |                | 125365 | -          |
| Petty Cash                                 | Petty Cash Replenishment   |                | 125366 | 696.93     |
| Alisa & Joseph Fiske                       | Overpayment Refund   |                | 125367 | 1,964.52   |
| ACWA/Joint Powers Insurance                | Worker's Compensation Quarter Ending 9-30-22   |                | 125368 | 36,993.19  |
| Air Pollution Control District             | Emission Fee Renewal Late Fees - 2 Locations   |                | 125369 | 1,893.22   |
| AIS Specialty Products, Inc.               | Copier Lease July - Oct  |                | 125370 | 70.45      |
| Akeso Occupational Health                  | Covid Testing - September  |                | 125371 | 2,845.00   |
| American Water Works Association           | Membership Renewal - 2023  |                | 125372 | 4,393.00   |
| Angela Norman                              | Closed Account Refund  |                | 125373 | 14.65      |
| AT&T                                       | Phone - Oct  |                | 125374 | 24.29      |
| Best Best & Krieger                        | Legal Svcs - Sept  |                | 125375 | 30,106.57  |
| Bill Howe Plumbing                         | Replacement of Diaphragms & Vacuum Breaks - Men's O&M Restroom                                       |                | 125376 | 1,375.58   |
| Boncor Water Systems                       | Soft Water Svc - Sept  |                | 125377 | 2,303.00   |
| Branden Kelso                              | Closed Account Refund  |                | 125378 | 47.38      |
| Consolidated Electrical Distributors, Inc. | LED Light Bulbs - 160  |                | 125379 | 1,465.40   |
| Chris Deering                              | Reimbursement - Prescription Safety Glasses  |                | 125380 | 275.00     |
| Clarkson Laboratory & Supply               | Soil & Sand Lead Testing Prj 20231-301   |                | 125381 | 2,703.00   |
| DirecTV Inc                                | Satellite Svc - Nov  |                | 125382 | 86.99      |
| EDCO Waste & Recycling Serv                | Trash Svc - Oct  |                | 125383 | 957.72     |
| Encina Wastewater Authority                | Sewer Testing  |                | 125384 | 11,103.25  |
| Enterprise Automation                      | SCADA Audit & Master Plan Prj 20201-4  |                | 125385 | 7,271.01   |
| ESRI Inc                                   | Meter Counts & Small Utility Term Software & Maintenance Renewal 22-23                               |                | 125386 | 25,000.00  |
| Ferguson Enterprises, Inc                  | Copper Tubing - Qty 600  |                | 125387 | 5,172.00   |
| Fleet Pride                                | Parts For Hydraulic Leak Veh 272 & Vactor Oil Filters  |                | 125388 | 801.50     |
| Freeway Trailer Sales                      | Hardware Supplies  |                | 125389 | 126.61     |
| Grainger Inc                               | Ice Machine & Ice Bin, Prj 20231-63, Diesel Exhaust Fluid For Fuel Island, Fire Extinguishers - 10   |                | 125390 | 21,038.37  |
| Imperial Sprinkler Supply                  | Hardware Supplies  |                | 125391 | 93.66      |
| Indian Springs Mfg Co Inc                  | Gasket Set - MRF   |                | 125392 | 457.25     |
| Infosend Inc                               | Prop 218 Mailing, Postage, Printing, Processing & Door Hangers - Oct                                 |                | 125393 | 25,559.85  |
| Jan-Pro of San Diego                       | Janitorial Svcs Oct - District HQ  |                | 125394 | 1,370.00   |
| JCI Jones Chemicals Inc                    | Chlorine   |                | 125395 | 11,298.70  |
| Ken Grody Ford                             | Fleet Supplies   |                | 125396 | 139.03     |
| Knight Security & Fire Systems             | Monitoring, Patrol, & Answering Svc - Nov  |                | 125397 | 656.69     |
| Landscape Forms Inc                        | MAAP Grant Funding - Architectural Garden Furnishings Prj 20191-628                                  |                | 125398 | 12,175.75  |
| Mark Lee                                   | Reimbursement - SWRCB Distribution Operator Cert Renewal   |                | 125399 | 120.00     |
| Michael Baker International, Inc.          | Montiel LS & Force Main Replacement Prj 20201-2  |                | 125400 | 31,954.80  |
| Nacho's Taco Shop                          | Lunch For Water Academy Tour Prj 20231-65  |                | 125401 | 1,458.33   |
| Ostari Inc                                 | DHS Security Hardening Initiative  |                | 125402 | 231.25     |
| Painting & Decor, Inc.                     | Light Pole Painting - MRF & Miscellaneous Equipment  |                | 125403 | 27,050.00  |
| Patriot Portable Restroom Inc              | Portable Rest Room Rental - Nov  |                | 125404 | 308.05     |
| Paul & Mary Van Bergen                     | Closed Account Refund  |                | 125405 | 90.62      |
| Penco, Inc.                                | Calcium Nitrate  |                | 125406 | 31,148.98  |
| Pitney Bowes                               | Postage Meter Refill - Oct   |                | 125407 | 1,000.00   |
| Rick Post Welding                          | Welding Services - Plug Valves - Prj 20231-19  |                | 125408 | 1,724.88   |
| Sandra & Marvin Madrid                     | Closed Account Refund  |                | 125409 | 98.16      |
| Smart & Final                              | Office Supplies - Oct  |                | 125410 | 470.31     |
| Southern Counties Lubricants, LLC          | Diesel Fuel  |                | 125411 | 27,616.57  |
| Standard Insurance Company                 | LIFE, LTD, & ADD Insurance - Nov   |                | 125412 | 6,179.12   |
| Staples Advantage                          | Office Supplies - Oct  |                | 125413 | 302.91     |
| Steel-Toe-Shoes.com                        | Safety Boots   |                | 125414 | 150.00     |
| Tank Specialists of California             | Fuel Island Maintenance - Sept   |                | 125415 | 240.00     |
| Trussell Technologies Inc                  | Construction Phase Svcs - MRF Prj 20191-2  |                | 125416 | 5,830.00   |
| UPS  | Shipping Svcs - Oct  |                | 125417 | 28.46      |
| USA Blue Book                              | Lab Supplies   |                | 125418 | 186.63     |
| Accurate Security Pros, Inc.               | Repair of Bluewave Security Two Outside Doors - Water Ops, Repair of Back Gate Controllers - Dist HQ |                | 125419 | 1,531.72   |
| ACWA/Joint Powers Insurance                | Medical Insurance - Dec  |                | 125420 | 238,283.37 |
| Garnishments                               | Payroll Garnishments   |                | 125421 | 997.37     |
| City of Carlsbad                           | Quarterly Sewer Svc  |                | 125422 | 8,623.20   |
| CDW Government Inc                         | Cylance Protect Endpoint Protection Support Renewal 22-23  |                | 125423 | 7,039.45   |
| Cook Industrial Supply                     | Carwash Pressure Washer Repair   |                | 125424 | 3,725.57   |
| Electrical Sales Inc                       | Lighting For Pumps & Air Compressors - MRF   |                | 125425 | 617.28     |
| Ewing Irrigation Products                  | Landscaping Chemicals  |                | 125426 | 1,247.86   |
| Ferguson Enterprises, Inc                  | Warehouse Copper Tubing Stock, Steel Tubing For Water Quality Analyzer Prj 20221-21                  |                | 125427 | 698.22     |
| Gerry Green Inc                            | Electrical Plans & Specifications - Highpoint PS Prj 20221-733                                       |                | 125428 | 2,700.00   |
| Harris                                     | Gems AB Suite 7.0 Upgrade Prj 20231-29   |                | 125429 | 10,700.00  |
| Interstate Batteries                       | Vehicle Battery Restock - 3  |                | 125430 | 459.50     |
| Lloyd Pest Control                         | Pest Control Svcs - Oct  |                | 125431 | 646.00     |
| McCall's Meters, Inc.                      | Meter Flow Tests - 3   |                | 125432 | 177.52     |
| McMaster-Carr Supply Co                    | Flow Switch - Mt Belle Tank  |                | 125433 | 961.93     |
| NV5, Inc.                                  | Montiel Lift Station Replacement Prj 20201-2   |                | 125434 | 2,082.50   |
| Olivenhain MWD                             | Payment - Bluewater Strategies   |                | 125435 | 9,750.00   |
| Pacific Pipeline Supply                    | Copper Stock Inventory - 40 & Wax Tape   |                | 125436 | 5,094.04   |
| Richard W. Gittings                        | Hillside Development Svcs - Oct  |                | 125437 | 3,919.00   |

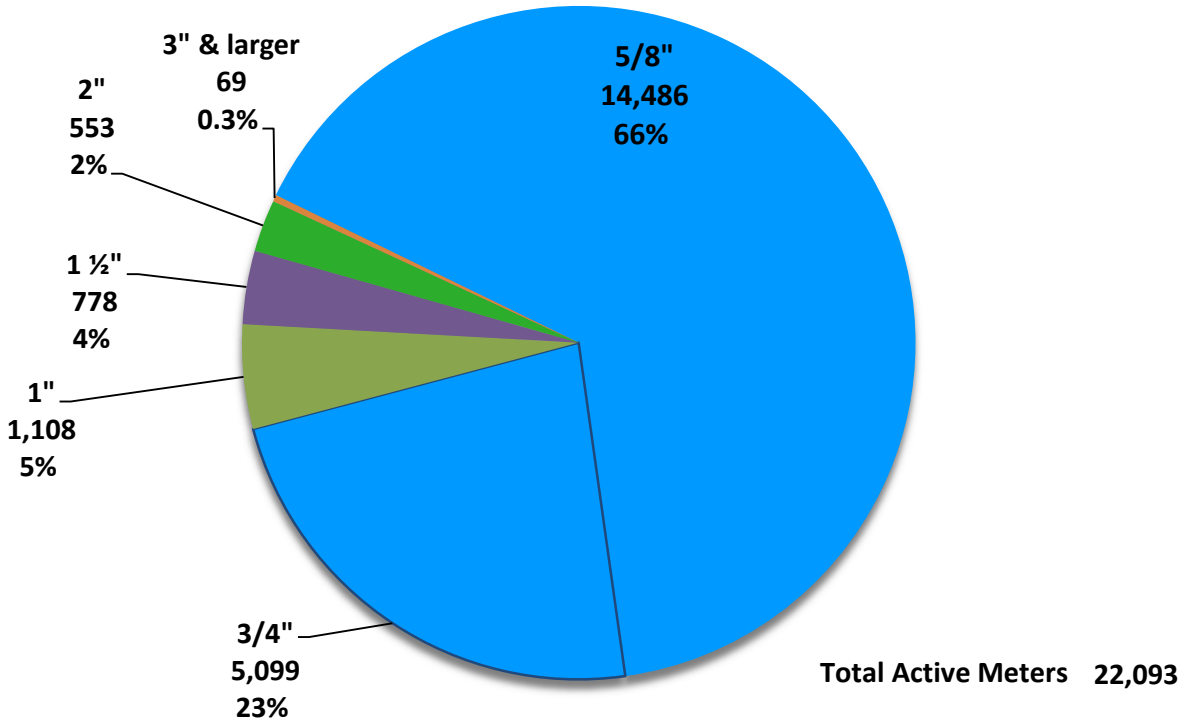


VALLECITOS WATER DISTRICT  
WARRANTS LIST  
November 16, 2022

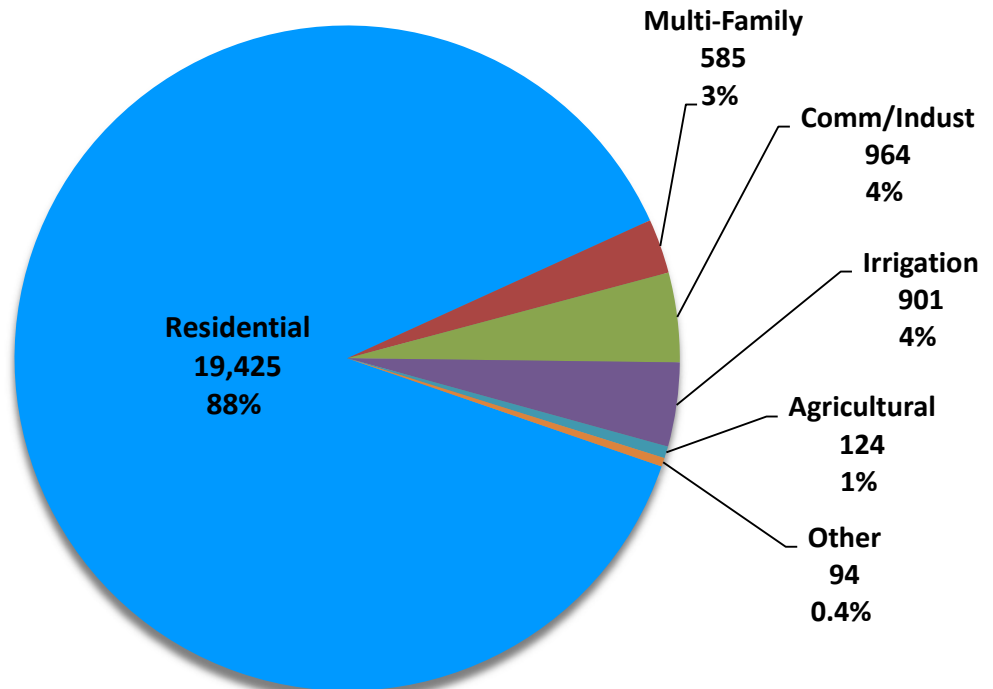
| PAYEE  | DESCRIPTION   | CHECK# | AMOUNT                         |
|--|---|--------|--------------------------------|
| Schmidt Fire Protection Co Inc               | Semi-Annual Inspection of Aerosol Systems                         | 125438 | 1,072.00                       |
| T.S. Industrial Supply                       | Stainless Steel Brushes, Garden Hoses, Excavation Nozzles, Clamps | 125439 | 2,438.17                       |
| Traffic Safety Solutions LLC                 | Traffic Control For Multi-Lane Closure Prj 20231-19               | 125440 | 1,795.00                       |
| Underground Service Alert                    | Dig Alert Svc & CA State Regulatory Fees - Nov                    | 125441 | 837.24                         |
| Unifirst Corporation                         | Uniform Delivery  | 125442 | 1,007.16                       |
| Velocity EHS                                 | Subscription Renewal - SDS Online Management 22-2                 | 125443 | 2,474.00                       |
| Vesta Housing Solutions LLC                  | Covid Trailer Rental Prj 20211-850                                | 125444 | 511.82                         |
| Weck Analytical Environmental Services, Inc. | Water Sampling  | 125445 | 1,218.00                       |
| Total Disbursements (80 Checks)              |   |        | <u>657,276.55</u>              |
| <br>   |   |        |                                |
| <b>WIRES</b>                                 |   |        |                                |
| San Diego County Water Authority             | October Water Bill  | Wire   | 2,928,209.53                   |
| Public Employees Retirement System           | Retirement Contribution - November 1, 2022 Payroll                | Wire   | 79,012.78                      |
| Total Wires                                  |   |        | <u>3,007,222.31</u>            |
| <br>   |   |        |                                |
| <b>PAYROLL</b>                               |   |        |                                |
| Total direct deposits                        |   | Wire   | 264,692.56                     |
| VWD Employee Association                     |   | 125363 | 566.00                         |
| Payroll & Garnishments                       | Payroll Garnishments  | 125364 | 997.37                         |
| IRS  | Federal payroll tax deposits                                      | Wire   | 100,034.32                     |
| Employment Development Department            | California payroll tax deposit                                    | Wire   | 21,402.62                      |
| CalPERS                                      | Deferred compensation withheld                                    | Wire   | 21,602.58                      |
| VOYA   | Deferred compensation withheld                                    | Wire   | 8,038.34                       |
| Total November 1, 2022 Payroll Disbursements |   |        | <u>417,333.79</u>              |
| <br><b>TOTAL DISBURSEMENTS</b>               |   |        | <br><u><u>4,081,832.65</u></u> |

Vallecitos Water District  
Active Water Meters  
October 31, 2022

Active Meters by Size as of October 31, 2022

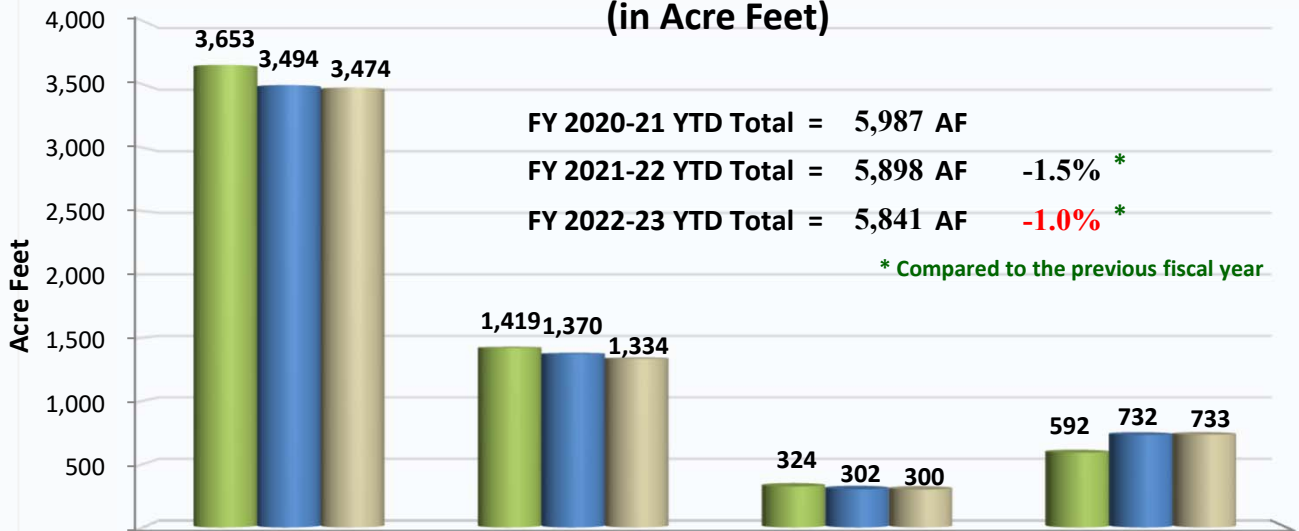


Active Meters by Type as of October 31, 2022



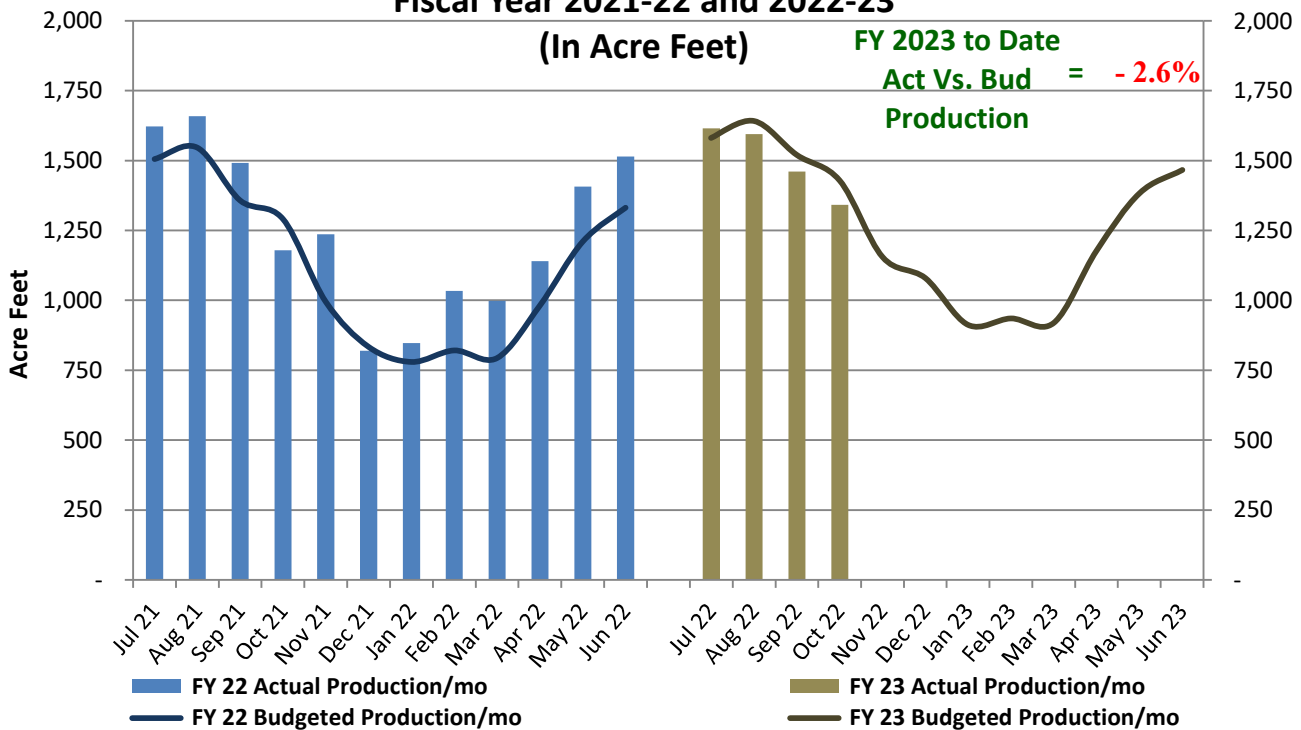
Vallejos Water District  
 Water Production/Sales  
 October 31, 2022

**Water Sales FY 20-21, FY 21-22 and FY 22-23 (FYTD)**  
**(in Acre Feet)**

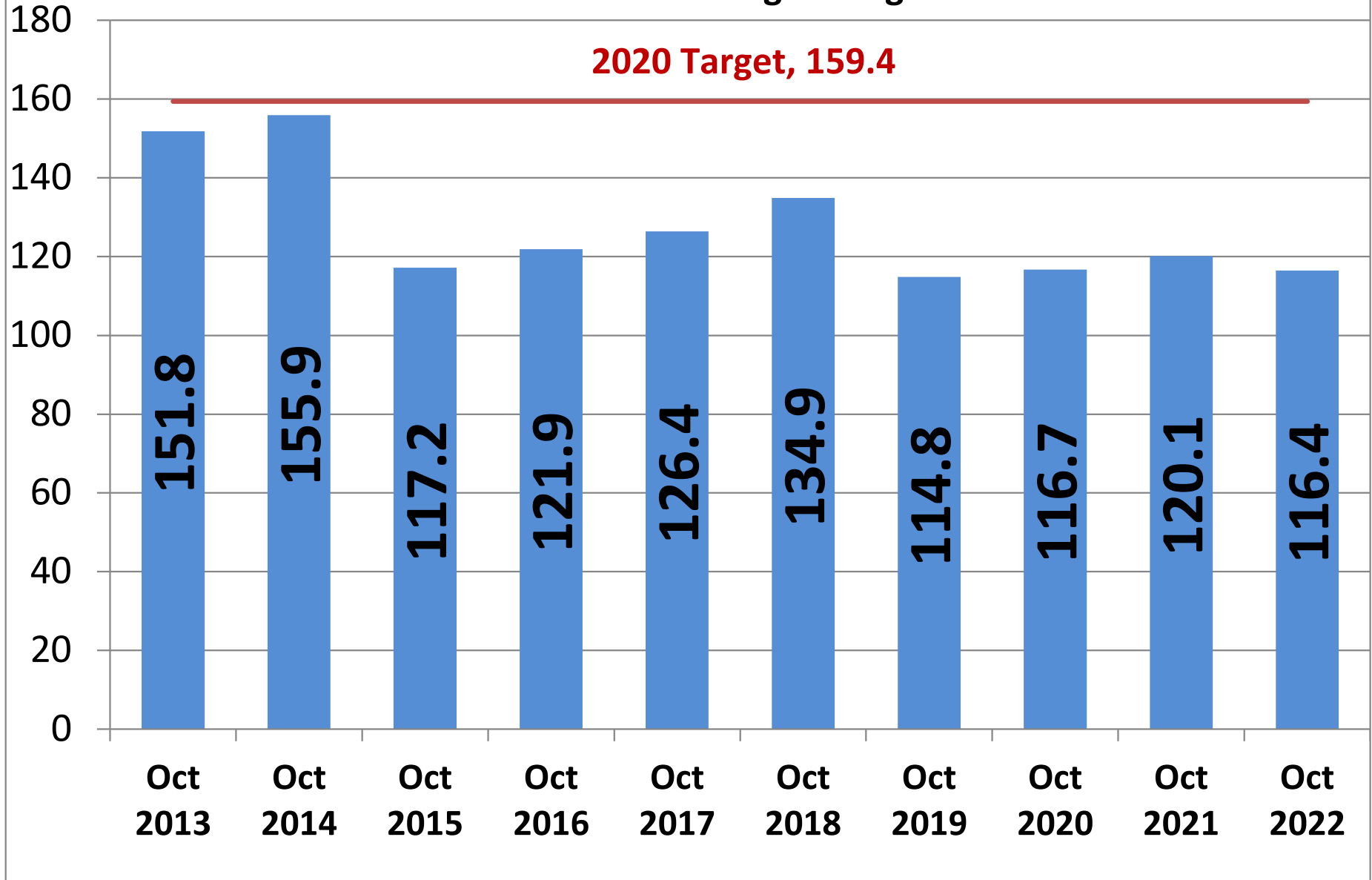


|          | Residential | Irrigation | Agricultural | Commer/ Indust/ Const/ Oth |
|----------|-------------|------------|--------------|----------------------------|
| FY 20-21 | 3,653       | 1,419      | 324          | 592                        |
| FY 21-22 | 3,494       | 1,370      | 302          | 732                        |
| FY 22-23 | 3,474       | 1,334      | 300          | 733                        |

**Water Production Budget vs. Actual**  
**Fiscal Year 2021-22 and 2022-23**  
**(In Acre Feet)**



# Gallons per Capita per Day 12-Month Rolling Average



**DATE: NOVEMBER 16, 2022**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: MONTHLY FINANCIAL REPORTS**

**BACKGROUND:**

The Monthly Revenue and Expense Reports and the Reserve Report for the four months ended October 31, 2022, are presented.

**DISCUSSION:**

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 4-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and any excess of expenses above revenues are paid for out of reserves. It's important to note that amounts shown in the in the Revenue and Expense reports are unaudited and do not reflect actual transfers to/from reserves. Actual transfers will be posted upon completion of the fiscal year-end audit.

The Monthly Reserve Report presents the balances in each of the District's reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects, debt service, PERS UAL Additional Discretionary Payments (ADP), and interest expense. Unaudited amounts for operating transfers are reflected in the reserve report using the most recent information available at the time of reporting. Actual transfers will be posted upon completion of the audit in November of the following fiscal year which may result in adjustments to the beginning reserve balances.

**RECOMMENDATION:**

For information only.

Vallecitos Water District  
Water Revenue and Expense Report  
For the Four Months Ended October 31, 2022

|                             | Current<br>Year<br>Actual | Prior Year Actual   |                  |               | Current Year Budget |                    |               |
|-----------------------------|---------------------------|---------------------|------------------|---------------|---------------------|--------------------|---------------|
|                             |                           | Amount              | Variance         |               | Amount              | Variance           |               |
|                             |                           |                     | \$               | %             |                     | \$                 | %             |
| <b>Revenue</b>              |                           |                     |                  |               |                     |                    |               |
| Water Sales                 | \$ 13,557,137             | \$ 13,783,725       | \$ (226,588)     | -1.6%         | \$ 13,369,000       | \$ 188,137         | 1.4%          |
| Ready-to-serve              | 4,931,001                 | 4,885,688           | 45,313           | 0.9%          | 4,946,000           | (14,999)           | -0.3%         |
| Pumping cost recovery       | 132,833                   | 177,078             | (44,245)         | -25.0%        | 183,000             | (50,167)           | -27.4%        |
| Late & lock charges         | 116,498                   | 102,808             | 13,690           | 13.3%         | 123,000             | (6,502)            | -5.3%         |
| Backflow fees               | 30,207                    | 39,334              | (9,127)          | -23.2%        | 33,000              | (2,793)            | -8.5%         |
| Other revenue               | 133,647                   | 88,078              | 45,569           | 51.7%         | 81,800              | 51,847             | 63.4%         |
| <b>Total Revenue</b>        | <b>18,901,323</b>         | <b>19,076,711</b>   | <b>(175,388)</b> | <b>-0.9%</b>  | <b>18,735,800</b>   | <b>165,523</b>     | <b>0.9%</b>   |
| <b>Expenses</b>             |                           |                     |                  |               |                     |                    |               |
| Water costs                 | 12,521,297                | 11,784,065          | 737,232          | 6.3%          | 12,983,000          | (461,703)          | -3.6%         |
| Pumping costs               | 118,293                   | 153,678             | (35,385)         | -23.0%        | 349,000             | (230,707)          | -66.1%        |
| Water quality               | 25,066                    | 122,743             | (97,677)         | -79.6%        | 50,000              | (24,934)           | -49.9%        |
| Water treatment             | 195,809                   | 132,866             | 62,943           | 47.4%         | 168,000             | 27,809             | 16.6%         |
| Tanks & reservoirs          | 94,021                    | 110,247             | (16,226)         | -14.7%        | 154,000             | (59,979)           | -38.9%        |
| Trans & distribution        | 587,271                   | 493,714             | 93,557           | 18.9%         | 629,000             | (41,729)           | -6.6%         |
| Services                    | 36,453                    | 16,963              | 19,490           | 114.9%        | 26,000              | 10,453             | 40.2%         |
| Meters                      | 218,005                   | 242,109             | (24,104)         | -10.0%        | 327,000             | (108,995)          | -33.3%        |
| Backflow prevention         | 25,143                    | 7,177               | 17,966           | 250.3%        | 28,000              | (2,857)            | -10.2%        |
| Customer accounts           | 151,362                   | 254,082             | (102,720)        | -40.4%        | 295,000             | (143,638)          | -48.7%        |
| Building & grounds          | 134,960                   | 154,112             | (19,152)         | -12.4%        | 185,000             | (50,040)           | -27.0%        |
| Equipment & vehicles        | 113,892                   | 75,809              | 38,083           | 50.2%         | 119,000             | (5,108)            | -4.3%         |
| Engineering                 | 374,422                   | 448,517             | (74,095)         | -16.5%        | 563,000             | (188,578)          | -33.5%        |
| Safety & compliance         | 79,755                    | 34,458              | 45,297           | 131.5%        | 124,000             | (44,245)           | -35.7%        |
| Information Technology      | 370,097                   | 332,922             | 37,175           | 11.2%         | 378,000             | (7,903)            | -2.1%         |
| General & administrative    | 712,197                   | 803,173             | (90,976)         | -11.3%        | 1,104,000           | (391,803)          | -35.5%        |
| <b>Total Expenses</b>       | <b>15,758,043</b>         | <b>15,166,635</b>   | <b>591,408</b>   | <b>3.9%</b>   | <b>17,482,000</b>   | <b>(1,723,957)</b> | <b>-9.9%</b>  |
| <b>Net Operating Income</b> | <b>\$ 3,143,280</b>       | <b>\$ 3,910,076</b> | <b>(766,796)</b> | <b>-19.6%</b> | <b>\$ 1,253,800</b> | <b>1,889,480</b>   | <b>150.7%</b> |

Explanation of Significant Variances

*Other revenue* has a favorable prior year variance as a result of a recovery of restoration costs of District property.

*Pumping costs* have a favorable budget variance due to less than anticipated outside services being performed and lower power costs.

*Water quality* has a favorable prior year variance due to more outside services being performed in the prior year.

*Water treatment* has an unfavorable prior year variance as a result of anticipated increases in outside services.

*Tanks & reservoirs* has a favorable budget variance as a result of lower than anticipated outside services being performed thus far.

*Meters* has a favorable budget variance because of product supply shortages causing delays in meter replacement.

*Customer accounts* has a favorable prior year and budget variance due to decreases in bad debt expense resulting from COVID recovery.

*Buildings & grounds* has a favorable budget variance as a result of lower than anticipated outside repair and power costs to date..

*Equipment & vehicles* has an unfavorable prior year variance due to anticipated increases in labor and materials and supplies costs..

*Safety & compliance* has an unfavorable prior year variance as a result of more labor and outside services than the previous year. **Safety & Compliance** has a favorable budget variance due to lower than anticipated outside services to date.

*General & Administrative* has a favorable budget variance due to less labor than anticipated and more time charged to projects thus far this year.

Vallecitos Water District  
Sewer Revenue and Expense Report  
For the Four Months Ended October 31, 2022

|                             | Current<br>Year<br>Actual | Prior Year Actual  |            |        | Current Year Budget |            |        |
|-----------------------------|---------------------------|--------------------|------------|--------|---------------------|------------|--------|
|                             |                           | Amount             | Variance   |        | Amount              | Variance   |        |
|                             |                           |                    | \$         | %      |                     | \$         | %      |
| <b>Revenue</b>              |                           |                    |            |        |                     |            |        |
| Sewer service charges       | \$6,322,805               | \$6,206,191        | \$ 116,614 | 1.9%   | \$6,035,000         | \$ 287,805 | 4.8%   |
| Reclaimed water sales       | 1,026,666                 | 991,666            | 35,000     | 3.5%   | 1,029,000           | (2,334)    | -0.2%  |
| Other revenue               | 83,763                    | 50,384             | 33,379     | 66.2%  | 83,000              | 763        | 0.9%   |
| <b>Total Revenue</b>        | <u>7,433,234</u>          | <u>7,248,241</u>   | 184,993    | 2.6%   | <u>7,147,000</u>    | 286,234    | 4.0%   |
| <b>Expenses</b>             |                           |                    |            |        |                     |            |        |
| Collection & conveyance     | 810,635                   | 647,851            | 162,784    | 25.1%  | 892,000             | (81,365)   | -9.1%  |
| Lift stations               | 56,724                    | 54,844             | 1,880      | 3.4%   | 89,000              | (32,276)   | -36.3% |
| Source control              | 49,430                    | 51,036             | (1,606)    | -3.1%  | 68,000              | (18,570)   | -27.3% |
| Effluent disposal           | 1,076,071                 | 1,113,000          | (36,929)   | -3.3%  | 1,104,000           | (27,929)   | -2.5%  |
| Meadowlark                  | 957,057                   | 860,264            | 96,793     | 11.3%  | 971,000             | (13,943)   | -1.4%  |
| Customer Accounts           | 140,594                   | 143,434            | (2,840)    | -2.0%  | 196,000             | (55,406)   | -28.3% |
| Building & grounds          | 74,376                    | 103,418            | (29,042)   | -28.1% | 126,000             | (51,624)   | -41.0% |
| Equipment & vehicles        | 76,049                    | 58,672             | 17,377     | 29.6%  | 95,000              | (18,951)   | -19.9% |
| Engineering                 | 158,781                   | 202,711            | (43,930)   | -21.7% | 291,000             | (132,219)  | -45.4% |
| Safety & compliance         | 54,109                    | 19,991             | 34,118     | 170.7% | 96,000              | (41,891)   | -43.6% |
| Information technology      | 275,090                   | 296,587            | (21,497)   | -7.2%  | 295,000             | (19,910)   | -6.7%  |
| General & administrative    | 520,777                   | 417,161            | 103,616    | 24.8%  | 518,000             | 2,777      | 0.5%   |
| <b>Total Expenses</b>       | <u>4,249,693</u>          | <u>3,968,969</u>   | 280,724    | 7.1%   | <u>4,741,000</u>    | (491,307)  | -10.4% |
| <b>Net Operating Income</b> | <u>\$3,183,541</u>        | <u>\$3,279,272</u> | (95,731)   | -2.9%  | <u>\$2,406,000</u>  | 777,541    | 32.3%  |

Explanation of Significant Variances

*Other revenue* has a favorable prior year variance as a result of a recovery of restoration costs of District property.

*Collection & conveyance* has an unfavorable prior year variance due to anticipated increases in labor cost and outside services.

*Customer accounts* has a favorable budget variance due to less than anticipated bad debt expense.

*Buildings & grounds* has a favorable budget variance as a result of less than anticipated outside services and power costs to date.

*Engineering* has a favorable prior year and budget variance due to timing of outside services being performed and more labor being charged to projects.

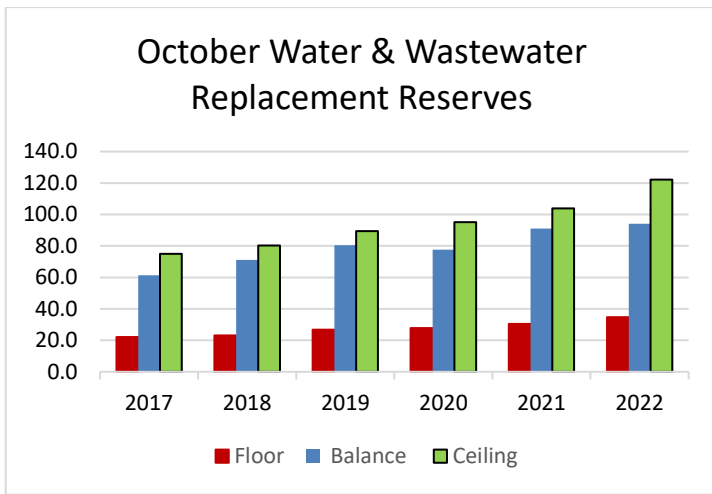
*Safety & compliance* has an unfavorable prior year variance as a result of more labor and outside services than the previous year. *Safety & Compliance* has a favorable budget variance due to lower than anticipated outside services to date.

*General & Administrative* has an unfavorable prior year variance due to anticipated increases in labor costs.

Variances are considered significant if they exceed \$33333 and 20%.

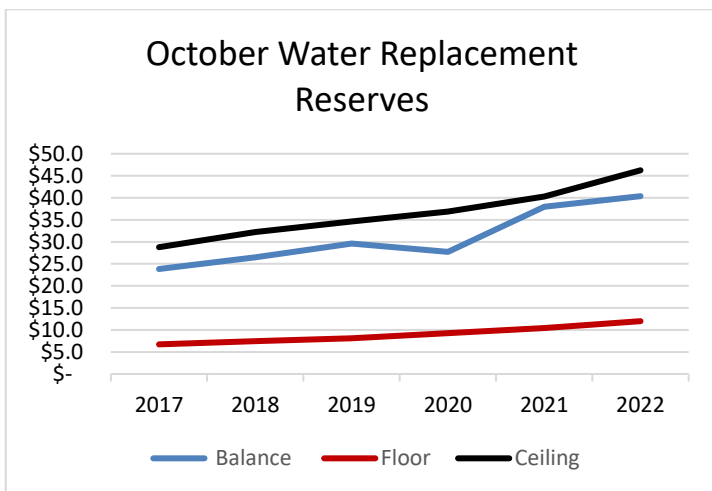
**REPLACEMENT RESERVES**

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system and the other for the District’s wastewater system. The District’s reserve policy establishes a floor for replacement reserves after funding operating reserves as the sum of three years of projected system replacement costs, and a ceiling as the sum of ten years of projected system replacement costs for water or the sum of eight years of projected system replacement costs for sewer. As of October 31, 2022, the total water and wastewater replacement reserve balance was \$94.1 million, 3.3 percent higher than October 31, 2021.



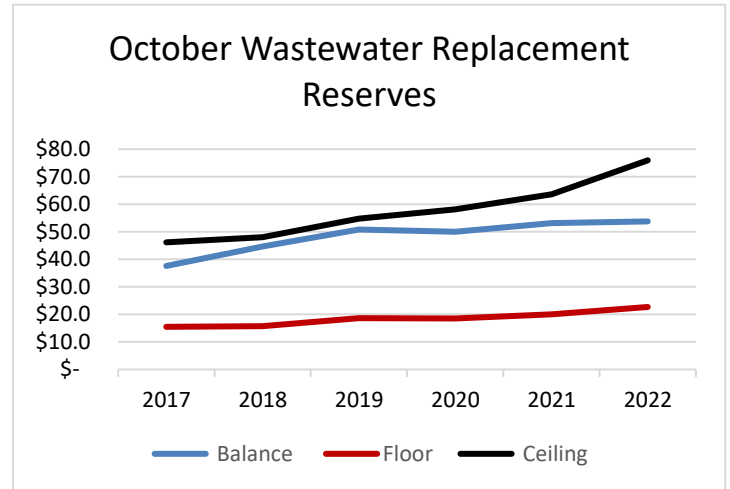
**WATER REPLACEMENT RESERVE**

As of October 31, 2022, the District’s water replacement reserve totaled \$40.4 million, an increase of 6.3 percent, or \$2.4 million higher from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.



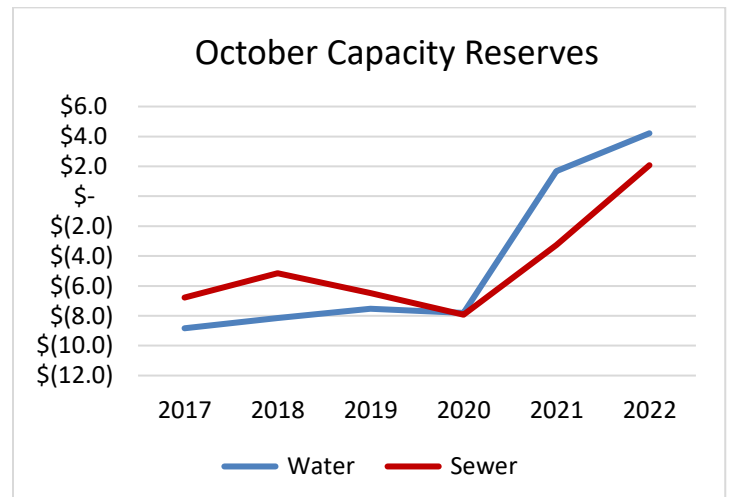
**WASTEWATER REPLACEMENT RESERVE**

As of October 31, 2022, the balance in the District’s wastewater replacement reserve totaled \$53.8 million, an increase of 1.1 percent, or \$0.6 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



**CAPACITY RESERVES**

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of October 31, 2022, the water capacity fund had a balance of \$4.2 million and the sewer capacity fund had a balance of \$2.1 million. The District’s capital facility fees situation has improved as a result of the adoption of the new Master Plan and the corresponding capacity fee study.





**VALLECITOS WATER DISTRICT**

**RESERVE ACTIVITY FOR THE FOUR MONTHS ENDED OCTOBER 31, 2022**

|  | 110 Water            |                     | 120                  |          | 210 Wastewater      |          | 220                   |          | Total |
|--|----------------------|---------------------|----------------------|----------|---------------------|----------|-----------------------|----------|-------|
|  | Replacement          | Capacity            | Replacement          | Capacity | Replacement         | Capacity | Replacement           | Capacity |       |
| BEGINNING BALANCE <sup>(1)</sup>                 | \$ 44,495,222        | \$ 2,851,869        | \$ 63,145,239        |          | \$ 339,461          |          | \$ 110,831,791        |          |       |
| <b>REVENUES</b>                                  |                      |                     |                      |          |                     |          |                       |          |       |
| FY 22/23 Operating Transfers <sup>(2)</sup>      | 3,143,280            | -                   | 3,183,541            |          | -                   |          | 6,326,821             |          |       |
| Capital Facility Fees                            | -                    | 1,018,716           | -                    |          | 1,346,069           |          | 2,364,785             |          |       |
| Debt Proceeds                                    | 629,036              | -                   | 1,056,083            |          | 42,378              |          | 1,727,497             |          |       |
| Interfund Transfer                               | -                    | 629,036             | -                    |          | 1,056,083           |          | 1,685,119             |          |       |
| Investment Earnings                              | 242,489              | 15,266              | 268,664              |          | 3,915               |          | 530,333               |          |       |
| Property Tax                                     | 92,585               | -                   | 75,186               |          | -                   |          | 167,771               |          |       |
| Annexation Fees                                  | 6,521                | -                   | 12,215               |          | -                   |          | 18,736                |          |       |
| <b>TOTAL REVENUES</b>                            | <b>4,113,911</b>     | <b>1,663,018</b>    | <b>4,595,689</b>     |          | <b>2,448,444</b>    |          | <b>12,821,063</b>     |          |       |
| <b>LESS DISTRIBUTIONS</b>                        |                      |                     |                      |          |                     |          |                       |          |       |
| <b>Carryover Projects</b>                        |                      |                     |                      |          |                     |          |                       |          |       |
| Encina Wastewater Authority Five Year Plan       | -                    | -                   | 4,893,626            |          | -                   |          | 4,893,626             |          |       |
| Sage Canyon Tank Refurbishment                   | 598,668              | -                   | -                    |          | -                   |          | 598,668               |          |       |
| MRF - Tertiary Influent Chamber Repairs          | -                    | -                   | 446,211              |          | -                   |          | 446,211               |          |       |
| District-Wide Valve Replacement Program          | 105,320              | -                   | -                    |          | -                   |          | 105,320               |          |       |
| MRF - Conversion to Sodium Hypochlorite          | -                    | -                   | 97,744               |          | -                   |          | 97,744                |          |       |
| MRF - Biological Selector Improvements           | -                    | -                   | 92,806               |          | -                   |          | 92,806                |          |       |
| Montiel Lift Station And Forcemain Replacement   | -                    | -                   | 44,108               |          | 42,378              |          | 86,486                |          |       |
| 16-Inch Emergency Bypass Pipeline Rehabilitation | -                    | -                   | 62,736               |          | -                   |          | 62,736                |          |       |
| 5 Year Pc/Laptop Refresh Plan                    | 26,153               | -                   | 25,128               |          | -                   |          | 51,281                |          |       |
| Palos Vista Pump Station - Motor Starter Upgrade | 46,420               | -                   | -                    |          | -                   |          | 46,420                |          |       |
| Meadowlark Failsafe Rehabilitation (Buena Reach) | -                    | -                   | 46,348               |          | -                   |          | 46,348                |          |       |
| District-Wide SCADA Upgrade Project              | 20,305               | -                   | 19,509               |          | -                   |          | 39,814                |          |       |
| Energy Management Study                          | 17,301               | -                   | 16,622               |          | -                   |          | 33,923                |          |       |
| Meadowlark - Landscaping Improvements            | -                    | -                   | 31,792               |          | -                   |          | 31,792                |          |       |
| Sewer Lining and Rehab                           | -                    | -                   | 29,560               |          | -                   |          | 29,560                |          |       |
| Trussel FCF - Water Quality Analyzer             | 29,532               | -                   | -                    |          | -                   |          | 29,532                |          |       |
| San Elijo Pump Station - Water Quality Analyzer  | 28,747               | -                   | -                    |          | -                   |          | 28,747                |          |       |
| Chlorine Contact Tank Expansion                  | -                    | -                   | 27,101               |          | -                   |          | 27,101                |          |       |
| District-Wide Valve Replacement Program          | 22,015               | -                   | -                    |          | -                   |          | 22,015                |          |       |
| Tres Amigos Water Line Replacement Phase 1       | 21,051               | -                   | -                    |          | -                   |          | 21,051                |          |       |
| Administration Building - Roof Improvements      | 20,843               | -                   | -                    |          | -                   |          | 20,843                |          |       |
| Coggan Pump Station: Facility Improvements       | 19,713               | -                   | -                    |          | -                   |          | 19,713                |          |       |
| Mountain Belle Tank: Asphalt Repair & Sealcoat   | 16,048               | -                   | -                    |          | -                   |          | 16,048                |          |       |
| Service Line Replacement & Meter Relocations     | 13,213               | -                   | -                    |          | -                   |          | 13,213                |          |       |
| Gems- Upgrade To Absuite 7.0                     | 5,896                | -                   | 5,664                |          | -                   |          | 11,560                |          |       |
| MRF Battery Energy Storage System Retaining Wall | -                    | -                   | 10,630               |          | -                   |          | 10,630                |          |       |
| Las Posas Water Line Replacement                 | 9,317                | -                   | -                    |          | -                   |          | 9,317                 |          |       |
| N. Twin Oaks #2 Tank: Asphalt Improvements       | 7,952                | -                   | -                    |          | -                   |          | 7,952                 |          |       |
| Meadowlark FCF - Water Quality Analyzer          | 4,832                | -                   | -                    |          | -                   |          | 4,832                 |          |       |
| Wulff Pressure Reducing Station                  | 4,625                | -                   | -                    |          | -                   |          | 4,625                 |          |       |
| Rock Springs Valve Replacement                   | 4,282                | -                   | -                    |          | -                   |          | 4,282                 |          |       |
| Asset Management Replacement Schedule            | 2,161                | -                   | 2,077                |          | -                   |          | 4,238                 |          |       |
| Website Redesign - VWD.Org                       | 1,530                | -                   | 1,470                |          | -                   |          | 3,000                 |          |       |
| Craven Pressure Station - Interior Refurbishment | 1,708                | -                   | -                    |          | -                   |          | 1,708                 |          |       |
| MRF - Flow Control Valve & Actuator              | -                    | -                   | 1,540                |          | -                   |          | 1,540                 |          |       |
| All other capital projects                       | 7,915                | -                   | 2,857                |          | 167                 |          | 10,939                |          |       |
| Capital Budget - Vehicles/Mobile Equipmnt        | 15,739               | -                   | 38,409               |          | -                   |          | 54,148                |          |       |
| <b>Total Capital Project Expenditures</b>        | <b>1,051,282</b>     | <b>-</b>            | <b>5,895,938</b>     |          | <b>42,545</b>       |          | <b>6,989,765</b>      |          |       |
| Interfund Transfer                               | 629,036              | -                   | 1,056,083            |          | -                   |          | 1,685,119             |          |       |
| Debt Service                                     | -                    | 304,450             | -                    |          | 670,454             |          | 974,904               |          |       |
| <b>TOTAL DISTRIBUTIONS</b>                       | <b>1,680,318</b>     | <b>304,450</b>      | <b>6,952,021</b>     |          | <b>713,000</b>      |          | <b>9,649,789</b>      |          |       |
| <b>ENDING BALANCE</b>                            | <b>\$ 46,928,815</b> | <b>\$ 4,210,437</b> | <b>\$ 60,788,907</b> |          | <b>\$ 2,074,906</b> |          | <b>\$ 114,003,065</b> |          |       |
| Less: Operating Reserves                         | 6,563,800            | -                   | 7,021,000            |          | -                   |          | 13,584,800            |          |       |
| <b>Replacement Reserves/Restricted Funds</b>     | <b>\$ 40,365,015</b> | <b>\$ 4,210,437</b> | <b>\$ 53,767,907</b> |          | <b>\$ 2,074,906</b> |          | <b>\$ 100,418,265</b> |          |       |
| Replacement reserve floor                        | \$ 11,981,000        |                     | \$ 22,684,800        |          |                     |          |                       |          |       |
| Replacement reserve ceiling                      | \$ 46,233,100        |                     | \$ 72,950,000        |          |                     |          |                       |          |       |

**Notes:**

(1) Beginning balances represent ending balances from the prior year which are adjusted to actual cash and investment balances after completion of the audit around November of the current year

(2) Operating transfers from the unaudited revenue and expense reports are calculated using the most recent information available at the time of this report. Included for reporting purposes, actual transfer amounts will differ.

VALLECITOS WATER DISTRICT  
INVESTMENT REPORT FOR OCTOBER 2022

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

The process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

Investment activity for the month of October follows:

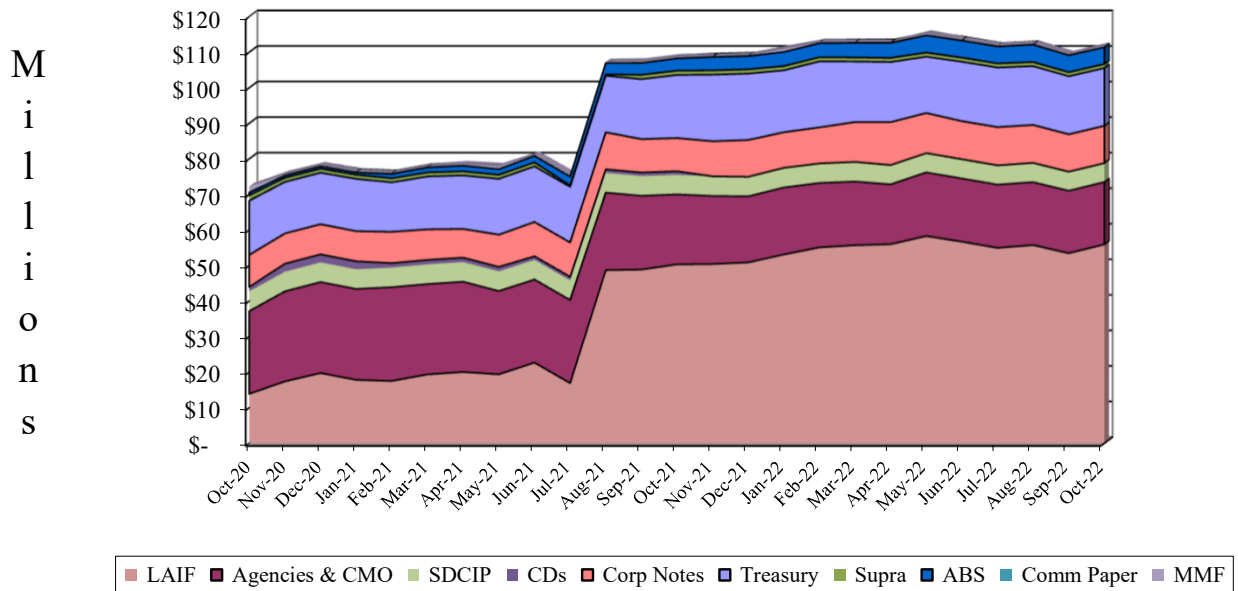
| <u>Date</u>                            | <u>Activity</u> | <u>Investment</u>       | <u>Amount</u>       | <u>Maturity</u> | <u>Yield</u> |
|--|-----------------|-------------------------|---------------------|-----------------|--------------|
| 10/07/22                               | Deposit         | LAIF                    | 1,200,000           | Open            | 1.77%        |
| 10/14/22                               | Interest        | LAIF                    | 189,331             | Open            | 1.77%        |
| 10/14/22                               | Withdrawal      | LAIF                    | (2,400,000)         | Open            | 1.77%        |
| 10/17/22                               | Paid Down       | John Deere              | (12,077)            | 08/15/24        | 1.10%        |
| 10/17/22                               | Paid Down       | Toyota Auto Rec. Trust  | (26,336)            | 05/15/25        | 0.26%        |
| 10/17/22                               | Paid Down       | Toyota Auto Receivables | (12,053)            | 01/15/25        | 0.35%        |
| 10/20/22                               | Deposit         | LAIF                    | 1,400,000           | Open            | 1.77%        |
| 10/21/22                               | Paid Down       | Honda Auto Receivables  | (7,991)             | 04/21/25        | 0.27%        |
| 10/26/22                               | Deposit         | LAIF                    | 2,100,000           | Open            | 1.77%        |
| Change in investments during the month |                 |                         | <u>\$ 2,430,873</u> |                 |              |

|  |                |
|--|----------------|
|  | <u>Current</u> |
| Weighted average annual yield for total Vallecitos investments | 1.550%         |
| Weighted average days to maturity                              | 248            |

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of September 30, 2022. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for September 30, 2022. Fair values for federal agency obligations and corporate notes are provided by US Bank trust account reporting.

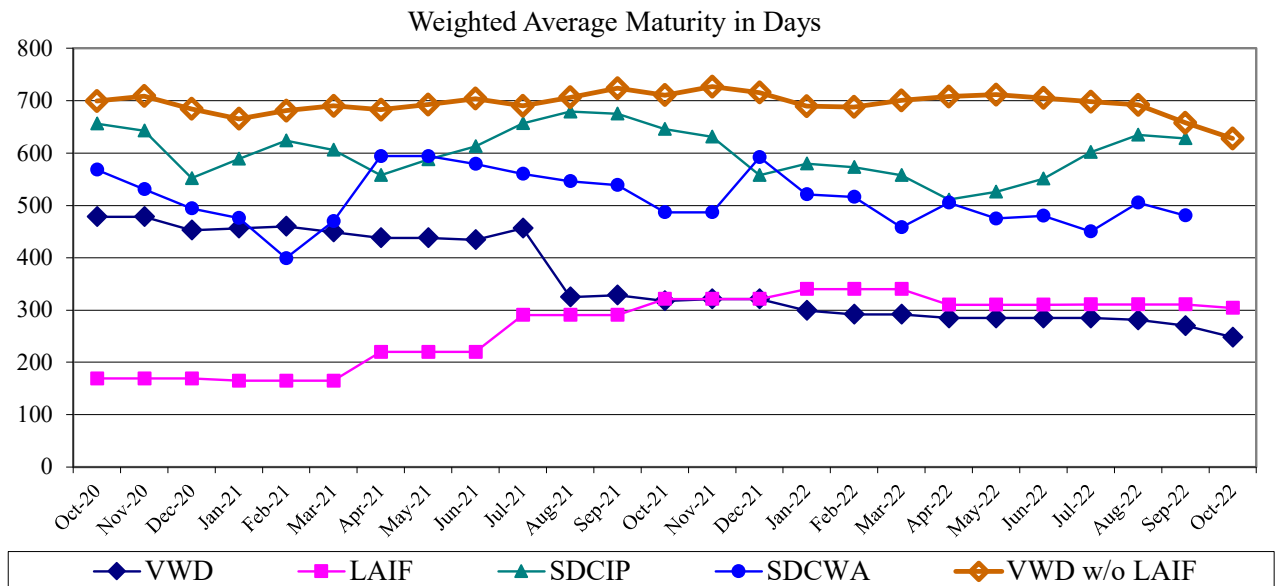
Safety

Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The District also limits risk by investing in a range of investments to ensure diversification as indicated in the graph below.



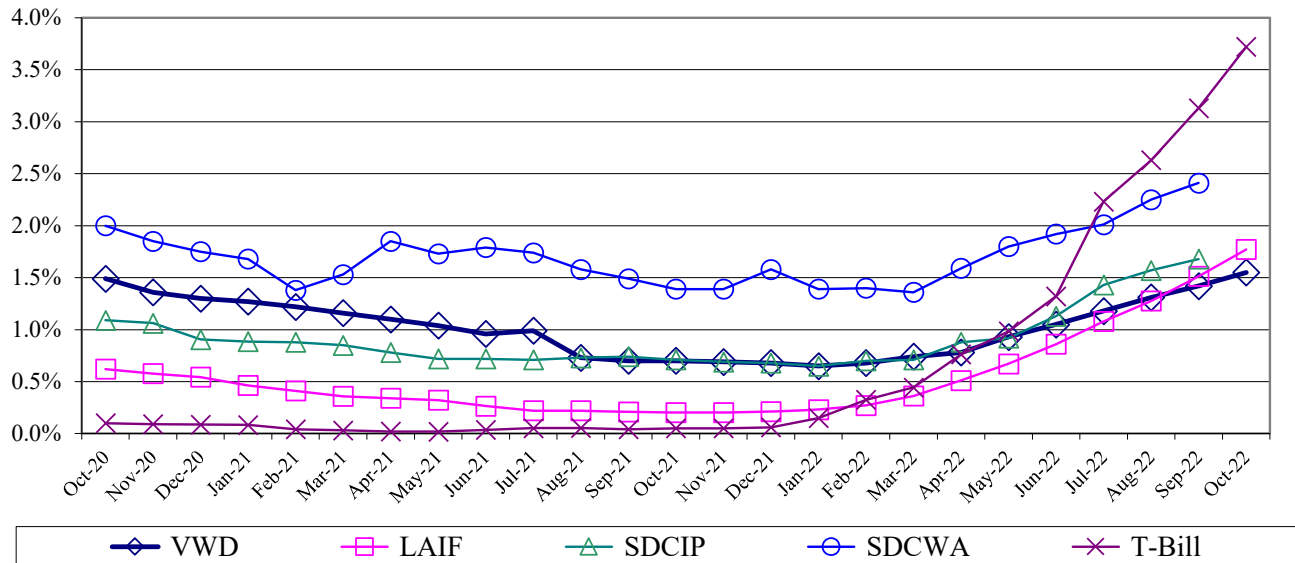
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District’s liquidity to other managed portfolios. The District’s liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$55.9 million available the same day. But for comparative purposes LAIF is eliminated from the District’s portfolio and shown separately.



Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.



Investment/Debt Management

On March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the investment policy (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit). Chandler’s portfolio summary is attached.



**PORTFOLIO CHARACTERISTICS**

|                           |          |
|---------------------------|----------|
| Average Modified Duration | 0.68     |
| Average Coupon            | 1.60%    |
| Average Purchase YTM      | 1.55%    |
| Average Market YTM        | 3.15%    |
| Average S&P/Moody Rating  | AA/Aa1   |
| Average Final Maturity    | 0.80 yrs |
| Average Life              | 0.71 yrs |

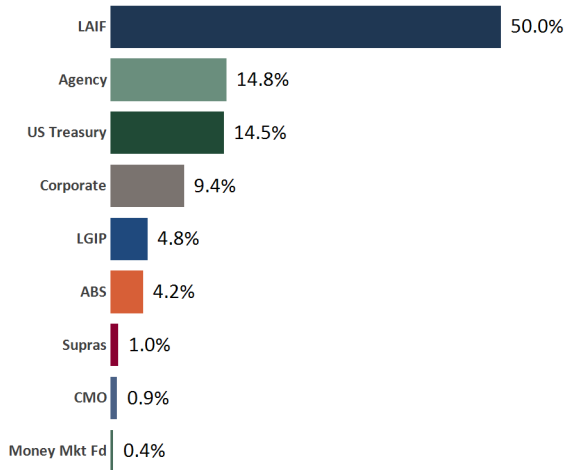
**ACCOUNT SUMMARY**

|                           | Beg. Values<br>as of 9/30/22 | End Values<br>as of 10/31/22 |
|---------------------------|------------------------------|------------------------------|
| Market Value              | 109,416,731                  | 111,779,806                  |
| Accrued Interest          | 336,693                      | 230,317                      |
| <b>Total Market Value</b> | <b>109,753,423</b>           | <b>112,010,124</b>           |
| Income Earned             | 122,314                      | 142,940                      |
| Cont/WD                   |                              |                              |
| Par                       | 111,883,598                  | 114,379,872                  |
| Book Value                | 111,906,875                  | 114,398,441                  |
| Cost Value                | 112,114,882                  | 114,611,165                  |

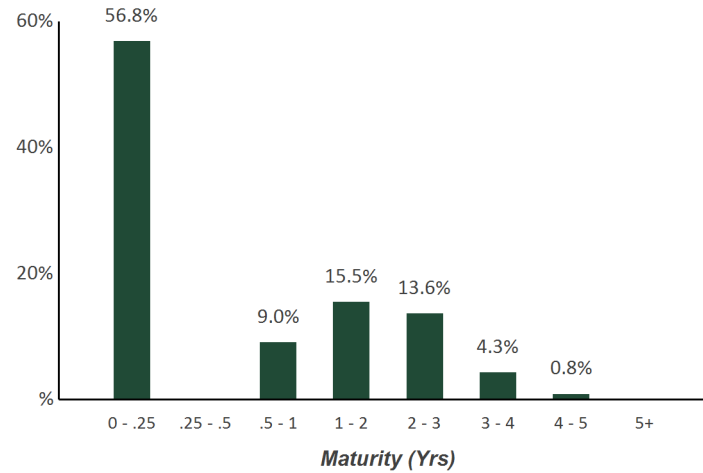
**TOP ISSUERS**

|                                 |              |
|---------------------------------|--------------|
| Local Agency Investment Fund    | 50.0%        |
| Government of United States     | 14.5%        |
| Federal Home Loan Mortgage Corp | 5.4%         |
| County of San Diego Pooled Inve | 4.8%         |
| Federal Farm Credit Bank        | 4.1%         |
| Federal Home Loan Bank          | 3.3%         |
| Federal National Mortgage Assoc | 3.0%         |
| JP Morgan Chase & Co            | 0.8%         |
| <b>Total</b>                    | <b>85.8%</b> |

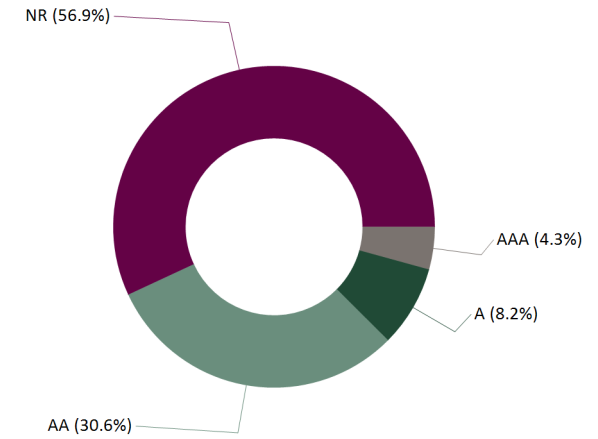
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of October 31, 2022



| CUSIP      | Security Description  | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|------------|---|-----------------|-----------------------------|--------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| <b>ABS</b> |   |                 |                             |                          |                      |                              |                         |                    |                      |
| 47789KAC7  | John Deere Owner Trust 2020-A A3<br>1.1% Due 8/15/2024              | 86,976.02       | 03/04/2020<br>1.11%         | 86,970.70<br>86,973.87   | 98.94<br>4.68%       | 86,051.55<br>42.52           | 0.08%<br>(922.32)       | Aaa / NR<br>AAA    | 1.79<br>0.30         |
| 36262XAC8  | GM Financial Auto Lease Trust 2021-3<br>A2<br>0.39% Due 10/21/2024  | 360,000.00      | 08/10/2021<br>0.39%         | 359,995.10<br>359,997.54 | 96.28<br>5.51%       | 346,606.92<br>42.90          | 0.31%<br>(13,390.62)    | NR / AAA<br>AAA    | 1.98<br>0.73         |
| 58769KAD6  | Mercedes-Benz Auto Lease Trust 2021-<br>B A3<br>0.4% Due 11/15/2024 | 255,000.00      | 06/22/2021<br>0.40%         | 254,980.75<br>254,990.89 | 96.29<br>5.51%       | 245,539.25<br>45.33          | 0.22%<br>(9,451.64)     | NR / AAA<br>AAA    | 2.04<br>0.73         |
| 09690AAC7  | BMW Vehicle Lease Trust 2021-2 A3<br>0.33% Due 12/26/2024           | 160,000.00      | 09/08/2021<br>0.34%         | 159,983.49<br>159,991.68 | 96.93<br>5.38%       | 155,082.24<br>8.80           | 0.14%<br>(4,909.44)     | Aaa / NR<br>AAA    | 2.16<br>0.61         |
| 89236XAC0  | Toyota Auto Receivables 2020-D A3<br>0.35% Due 1/15/2025            | 127,309.13      | 10/06/2020<br>0.36%         | 127,285.42<br>127,296.84 | 98.20<br>4.48%       | 125,016.42<br>19.80          | 0.11%<br>(2,280.42)     | NR / AAA<br>AAA    | 2.21<br>0.43         |
| 05601XAC3  | BMW Vehicle Lease Trust 2022-1 A3<br>1.1% Due 3/25/2025             | 170,000.00      | 01/11/2022<br>1.11%         | 169,974.59<br>169,983.72 | 95.87<br>5.52%       | 162,970.50<br>31.17          | 0.15%<br>(7,013.22)     | NR / AAA<br>AAA    | 2.40<br>0.94         |
| 43813GAC5  | Honda Auto Receivables Trust 2021-1<br>A3<br>0.27% Due 4/21/2025    | 105,327.04      | 02/17/2021<br>0.27%         | 105,325.11<br>105,326.17 | 96.91<br>5.40%       | 102,076.65<br>7.90           | 0.09%<br>(3,249.52)     | Aaa / NR<br>AAA    | 2.47<br>0.60         |
| 89240BAC2  | Toyota Auto Receivables Owners 2021-<br>A A3<br>0.26% Due 5/15/2025 | 375,105.84      | 02/02/2021<br>0.27%         | 375,036.22<br>375,075.06 | 97.17<br>4.91%       | 364,488.84<br>43.35          | 0.33%<br>(10,586.22)    | Aaa / NR<br>AAA    | 2.54<br>0.61         |
| 47788UAC6  | John Deere Owner Trust 2021-A A3<br>0.36% Due 9/15/2025             | 185,000.00      | 03/02/2021<br>0.37%         | 184,964.44<br>184,980.69 | 95.74<br>5.80%       | 177,116.23<br>29.60          | 0.16%<br>(7,864.46)     | Aaa / NR<br>AAA    | 2.88<br>0.78         |
| 44933LAC7  | Hyundai Auto Receivables Trust 2021-A<br>A3<br>0.38% Due 9/15/2025  | 225,000.00      | 04/20/2021<br>0.38%         | 224,976.33<br>224,988.07 | 96.19<br>5.69%       | 216,429.30<br>38.00          | 0.19%<br>(8,558.77)     | NR / AAA<br>AAA    | 2.88<br>0.72         |
| 43815EAC8  | Honda Auto Receivables 2021-3 A3<br>0.41% Due 11/18/2025            | 340,000.00      | 08/17/2021<br>0.41%         | 339,995.04<br>339,996.86 | 94.56<br>5.60%       | 321,515.56<br>50.34          | 0.29%<br>(18,481.30)    | NR / AAA<br>AAA    | 3.05<br>1.06         |
| 44934KAC8  | Hyundai Auto Receivables Trust 2021-B<br>A3<br>0.38% Due 1/15/2026  | 465,000.00      | 07/20/2021<br>0.39%         | 464,897.37<br>464,938.69 | 95.02<br>5.61%       | 441,827.66<br>78.53          | 0.39%<br>(23,111.03)    | NR / AAA<br>AAA    | 3.21<br>0.96         |
| 43815GAC3  | Honda Auto Receivables Trust 2021-4<br>A3<br>0.88% Due 1/21/2026    | 175,000.00      | 11/16/2021<br>0.89%         | 174,963.11<br>174,973.76 | 94.28<br>5.08%       | 164,991.40<br>42.78          | 0.15%<br>(9,982.36)     | Aaa / NR<br>AAA    | 3.23<br>1.38         |

**Vallecitos Water District Consolidated Account**

Account #10594

**Holdings Report**

As of October 31, 2022



| CUSIP            | Security Description   | Par Value/Units     | Purchase Date<br>Book Yield | Cost Value<br>Book Value                   | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.           | % of Port.<br>Gain/Loss             | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|------------------|--|---------------------|-----------------------------|--|----------------------|--|-------------------------------------|--------------------------------|----------------------------|
| <b>ABS</b>       |  |                     |                             |  |                      |  |                                     |                                |                            |
| 47789QAC4        | John Deere Owner Trust 2021-B A3<br>0.52% Due 3/16/2026            | 220,000.00          | 07/13/2021<br>0.52%         | 219,980.38<br>219,987.27                   | 94.20<br>5.19%       | 207,245.06<br>50.84                    | 0.19%<br>(12,742.21)                | Aaa / NR<br>AAA                | 3.38<br>1.26               |
| 89238JAC9        | Toyota Auto Receivables Trust 2021-D<br>A3<br>0.71% Due 4/15/2026  | 160,000.00          | 11/09/2021<br>0.71%         | 159,996.59<br>159,997.60                   | 94.14<br>5.17%       | 150,627.52<br>50.49                    | 0.13%<br>(9,370.08)                 | NR / AAA<br>AAA                | 3.46<br>1.33               |
| 05602RAD3        | BMW Vehicle Owner Trust 2022-A A3<br>3.21% Due 8/25/2026           | 185,000.00          | 05/10/2022<br>3.23%         | 184,990.38<br>184,991.80                   | 96.69<br>5.27%       | 178,872.62<br>98.98                    | 0.16%<br>(6,119.18)                 | Aaa / AAA<br>NR                | 3.82<br>1.64               |
| 362554AC1        | GM Financial Securitized Term 2021-4<br>A3<br>0.68% Due 9/16/2026  | 130,000.00          | 10/13/2021<br>0.68%         | 129,996.69<br>129,997.69                   | 93.59<br>5.62%       | 121,666.22<br>36.83                    | 0.11%<br>(8,331.47)                 | Aaa / AAA<br>NR                | 3.88<br>1.32               |
| 47787JAC2        | John Deere Owner Trust 2022-A A3<br>2.32% Due 9/16/2026            | 215,000.00          | 03/10/2022<br>2.34%         | 214,952.44<br>214,960.99                   | 95.04<br>5.35%       | 204,338.15<br>221.69                   | 0.18%<br>(10,622.84)                | Aaa / NR<br>AAA                | 3.88<br>1.67               |
| 380146AC4        | GM Financial Auto Receivables 2022-1<br>A3<br>1.26% Due 11/16/2026 | 115,000.00          | 01/11/2022<br>1.27%         | 114,990.01<br>114,992.37                   | 94.76<br>5.03%       | 108,971.70<br>60.38                    | 0.10%<br>(6,020.67)                 | NR / AAA<br>AAA                | 4.05<br>1.41               |
| 362585AC5        | GM Financial Securitized ART 2022-2 A3<br>3.1% Due 2/16/2027       | 170,000.00          | 04/05/2022<br>3.13%         | 169,964.47<br>169,970.20                   | 96.09<br>5.44%       | 163,350.62<br>219.58                   | 0.15%<br>(6,619.58)                 | Aaa / AAA<br>NR                | 4.30<br>1.70               |
| 02582JIT8        | American Express Credit Trust 2022-2 A<br>3.39% Due 5/17/2027      | 475,000.00          | 05/17/2022<br>3.42%         | 474,894.93<br>474,910.49                   | 96.01<br>5.12%       | 456,043.23<br>715.67                   | 0.41%<br>(18,867.26)                | NR / AAA<br>AAA                | 4.55<br>2.37               |
| 92348KAV5        | Verizon Master Trust 2022-5 A1A<br>3.72% Due 7/20/2027             | 195,000.00          | 08/02/2022<br>3.75%         | 194,991.42<br>194,992.11                   | 98.06<br>5.12%       | 191,223.63<br>221.65                   | 0.17%<br>(3,768.48)                 | NR / AAA<br>AAA                | 4.72<br>1.71               |
| <b>Total ABS</b> |  | <b>4,894,718.03</b> | <b>1.19%</b>                | <b>4,894,104.98</b><br><b>4,894,314.36</b> | <b>5.33%</b>         | <b>4,692,051.27</b><br><b>2,157.13</b> | <b>4.19%</b><br><b>(202,263.09)</b> | <b>Aaa / AAA</b><br><b>AAA</b> | <b>3.17</b><br><b>1.16</b> |
| <b>AGENCY</b>    |  |                     |                             |  |                      |  |                                     |                                |                            |
| 3130AFE78        | FHLB Note<br>3% Due 12/9/2022                                      | 1,000,000.00        | 01/25/2019<br>2.71%         | 1,010,700.00<br>1,000,288.16               | 99.89<br>4.02%       | 998,879.00<br>11,833.33                | 0.90%<br>(1,409.16)                 | Aaa / AA+<br>AAA               | 0.11<br>0.11               |
| 3137EAER6        | FHLMC Note<br>0.375% Due 5/5/2023                                  | 985,000.00          | 05/05/2020<br>0.39%         | 984,586.30<br>984,929.98                   | 97.87<br>4.63%       | 964,044.13<br>1,805.83                 | 0.86%<br>(20,885.85)                | Aaa / AA+<br>AAA               | 0.51<br>0.50               |
| 3135G04Q3        | FNMA Note<br>0.25% Due 5/22/2023                                   | 1,055,000.00        | 05/20/2020<br>0.35%         | 1,051,824.45<br>1,054,414.19               | 97.63<br>4.60%       | 1,029,976.46<br>1,164.90               | 0.92%<br>(24,437.73)                | Aaa / AA+<br>AAA               | 0.56<br>0.55               |
| 3135G05G4        | FNMA Note<br>0.25% Due 7/10/2023                                   | 875,000.00          | 07/08/2020<br>0.32%         | 873,118.75<br>874,568.77                   | 97.02<br>4.68%       | 848,927.63<br>674.48                   | 0.76%<br>(25,641.14)                | Aaa / AA+<br>AAA               | 0.69<br>0.68               |



| CUSIP         | Security Description                | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value     | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---------------|-------------------------------------|-----------------|-----------------------------|------------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| <b>AGENCY</b> |                                     |                 |                             |                              |                      |                              |                         |                    |                      |
| 3133EKZK5     | FFCB Note<br>1.6% Due 8/14/2023     | 1,000,000.00    | 08/28/2019<br>1.48%         | 1,004,700.00<br>1,000,929.60 | 97.57<br>4.78%       | 975,731.00<br>3,422.22       | 0.87%<br>(25,198.60)    | Aaa / AA+<br>AAA   | 0.79<br>0.76         |
| 3137EAEV7     | FHLMC Note<br>0.25% Due 8/24/2023   | 1,000,000.00    | 09/24/2020<br>0.24%         | 1,000,230.00<br>1,000,064.05 | 96.45<br>4.75%       | 964,483.00<br>465.28         | 0.86%<br>(35,581.05)    | Aaa / AA+<br>AAA   | 0.81<br>0.79         |
| 3130A3DL5     | FHLB Note<br>2.375% Due 9/8/2023    | 700,000.00      | 10/09/2019<br>1.44%         | 724,864.00<br>705,411.27     | 98.13<br>4.64%       | 686,893.90<br>2,447.57       | 0.62%<br>(18,517.37)    | Aaa / AA+<br>NR    | 0.85<br>0.83         |
| 3137EAEW5     | FHLMC Note<br>0.25% Due 9/8/2023    | 660,000.00      | 09/02/2020<br>0.26%         | 659,782.20<br>659,938.37     | 96.33<br>4.70%       | 635,746.32<br>242.92         | 0.57%<br>(24,192.05)    | Aaa / AA+<br>AAA   | 0.85<br>0.83         |
| 3133EMBS0     | FFCB Note<br>0.2% Due 10/2/2023     | 1,000,000.00    | 11/12/2020<br>0.28%         | 997,720.00<br>999,274.64     | 95.85<br>4.87%       | 958,531.00<br>161.11         | 0.86%<br>(40,743.64)    | Aaa / AA+<br>AAA   | 0.92<br>0.90         |
| 3137EAEY1     | FHLMC Note<br>0.125% Due 10/16/2023 | 825,000.00      | 10/14/2020<br>0.25%         | 821,922.75<br>824,019.21     | 95.67<br>4.80%       | 789,304.73<br>42.97          | 0.70%<br>(34,714.48)    | Aaa / AA+<br>AAA   | 0.96<br>0.94         |
| 3137EAEZ8     | FHLMC Note<br>0.25% Due 11/6/2023   | 1,075,000.00    | 11/03/2020<br>0.28%         | 1,074,032.50<br>1,074,673.38 | 95.54<br>4.80%       | 1,027,103.38<br>1,306.42     | 0.92%<br>(47,570.00)    | Aaa / AA+<br>AAA   | 1.02<br>0.99         |
| 3137EAF2      | FHLMC Note<br>0.25% Due 12/4/2023   | 770,000.00      | 12/02/2020<br>0.28%         | 769,237.70<br>769,722.93     | 95.38<br>4.64%       | 734,453.72<br>786.04         | 0.66%<br>(35,269.21)    | Aaa / AA+<br>AAA   | 1.09<br>1.07         |
| 3130A3VC5     | FHLB Note<br>2.25% Due 12/8/2023    | 1,000,000.00    | 02/13/2020<br>1.46%         | 1,029,240.00<br>1,008,438.25 | 97.29<br>4.80%       | 972,898.00<br>8,937.50       | 0.88%<br>(35,540.25)    | Aaa / AA+<br>NR    | 1.10<br>1.06         |
| 3135G0V34     | FNMA Note<br>2.5% Due 2/5/2024      | 1,000,000.00    | 01/30/2020<br>1.44%         | 1,041,280.00<br>1,012,980.95 | 97.36<br>4.68%       | 973,554.00<br>5,972.22       | 0.87%<br>(39,426.95)    | Aaa / AA+<br>AAA   | 1.27<br>1.21         |
| 3133EKM1      | FFCB Note<br>2.23% Due 2/23/2024    | 750,000.00      | 07/30/2019<br>1.91%         | 760,425.00<br>752,993.75     | 96.89<br>4.70%       | 726,678.75<br>3,159.17       | 0.65%<br>(26,315.00)    | Aaa / AA+<br>AAA   | 1.32<br>1.26         |
| 3133EMRZ7     | FFCB Note<br>0.25% Due 2/26/2024    | 850,000.00      | 02/22/2021<br>0.26%         | 849,694.00<br>849,865.30     | 94.51<br>4.59%       | 803,308.65<br>383.68         | 0.72%<br>(46,556.65)    | Aaa / AA+<br>AAA   | 1.32<br>1.29         |
| 3130A7PH2     | FHLB Note<br>1.875% Due 3/8/2024    | 1,000,000.00    | 03/03/2020<br>0.85%         | 1,040,350.00<br>1,013,578.53 | 96.36<br>4.68%       | 963,635.00<br>2,760.42       | 0.86%<br>(49,943.53)    | Aaa / AA+<br>NR    | 1.35<br>1.31         |
| 3133ENKS8     | FFCB Note<br>1.125% Due 1/6/2025    | 395,000.00      | 01/06/2022<br>1.20%         | 394,111.25<br>394,350.75     | 92.78<br>4.65%       | 366,473.10<br>1,419.53       | 0.33%<br>(27,877.65)    | Aaa / AA+<br>AAA   | 2.19<br>2.10         |
| 3133ENPY0     | FFCB Note<br>1.75% Due 2/25/2025    | 750,000.00      | 03/03/2022<br>1.76%         | 749,865.00<br>749,895.00     | 93.79<br>4.61%       | 703,418.25<br>2,406.25       | 0.63%<br>(46,476.75)    | Aaa / AA+<br>AAA   | 2.32<br>2.22         |





| CUSIP               | Security Description   | Par Value/Units      | Purchase Date<br>Book Yield | Cost Value<br>Book Value                     | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.             | % of Port.<br>Gain/Loss              | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|---------------------|--|----------------------|-----------------------------|--|----------------------|--|--------------------------------------|--------------------------------|----------------------------|
| <b>AGENCY</b>       |  |                      |                             |  |                      |  |                                      |                                |                            |
| 3135G05X7           | FNMA Note<br>0.375% Due 8/25/2025  | 500,000.00           | 12/20/2021<br>1.06%         | 487,610.00<br>490,516.07                     | 89.12<br>4.53%       | 445,588.00<br>343.75                     | 0.40%<br>(44,928.07)                 | Aaa / AA+<br>AAA               | 2.82<br>2.74               |
| <b>Total Agency</b> |  | <b>17,190,000.00</b> | <b>0.90%</b>                | <b>17,325,293.90</b><br><b>17,220,853.15</b> | <b>4.66%</b>         | <b>16,569,628.02</b><br><b>49,735.59</b> | <b>14.84%</b><br><b>(651,225.13)</b> | <b>Aaa / AA+</b><br><b>AAA</b> | <b>1.04</b><br><b>1.01</b> |
| <b>CMO</b>          |  |                      |                             |  |                      |  |                                      |                                |                            |
| 3137BKRJ1           | FHLMC K047 A2<br>3.329% Due 5/25/2025                                      | 500,000.00           | 05/19/2022<br>3.05%         | 502,890.63<br>502,456.90                     | 96.29<br>4.89%       | 481,469.00<br>1,387.08                   | 0.43%<br>(20,987.90)                 | NR / NR<br>AAA                 | 2.57<br>2.30               |
| 3137BM7C4           | FHLMC K051 A2<br>3.308% Due 9/25/2025                                      | 500,000.00           | 05/16/2022<br>2.96%         | 503,886.72<br>503,349.50                     | 95.72<br>4.94%       | 478,580.50<br>1,378.33                   | 0.43%<br>(24,769.00)                 | NR / NR<br>AAA                 | 2.90<br>2.57               |
| <b>Total CMO</b>    |  | <b>1,000,000.00</b>  | <b>3.00%</b>                | <b>1,006,777.35</b><br><b>1,005,806.40</b>   | <b>4.92%</b>         | <b>960,049.50</b><br><b>2,765.41</b>     | <b>0.86%</b><br><b>(45,756.90)</b>   | <b>NR / NR</b><br><b>AAA</b>   | <b>2.74</b><br><b>2.44</b> |
| <b>CORPORATE</b>    |  |                      |                             |  |                      |  |                                      |                                |                            |
| 06051GEU9           | Bank of America Corp Note<br>3.3% Due 1/11/2023                            | 400,000.00           | 09/05/2019<br>2.13%         | 414,984.00<br>400,872.02                     | 99.80<br>4.31%       | 399,184.40<br>4,033.33                   | 0.36%<br>(1,687.62)                  | A2 / A-<br>AA-                 | 0.20<br>0.19               |
| 90331HNL3           | US Bank NA Callable Note Cont<br>12/23/2022<br>2.85% Due 1/23/2023         | 480,000.00           | 07/22/2019<br>2.24%         | 489,580.80<br>480,399.20                     | 99.66<br>4.31%       | 478,380.48<br>3,724.00                   | 0.43%<br>(2,018.72)                  | A1 / AA-<br>AA-                | 0.23<br>0.23               |
| 69353RFL7           | PNC Bank Callable Note Cont 5/9/2023<br>3.5% Due 6/8/2023                  | 500,000.00           | 06/11/2019<br>2.44%         | 519,580.00<br>502,595.11                     | 99.13<br>4.98%       | 495,644.00<br>6,951.39                   | 0.45%<br>(6,951.11)                  | A2 / A<br>A+                   | 0.60<br>0.58               |
| 69371RQ82           | Paccar Financial Corp Note<br>0.8% Due 6/8/2023                            | 300,000.00           | 06/01/2020<br>0.85%         | 299,583.00<br>299,916.60                     | 97.69<br>4.72%       | 293,081.40<br>953.33                     | 0.26%<br>(6,835.20)                  | A1 / A+<br>NR                  | 0.60<br>0.59               |
| 931142EK5           | Wal-Mart Stores Callable Note Cont<br>5/26/2023<br>3.4% Due 6/26/2023      | 500,000.00           | 05/21/2019<br>2.65%         | 514,115.00<br>501,986.13                     | 99.27<br>4.55%       | 496,326.50<br>5,902.78                   | 0.45%<br>(5,659.63)                  | Aa2 / AA<br>AA                 | 0.65<br>0.63               |
| 808513BN4           | Charles Schwab Corp Callable Note<br>Cont 2/18/2024<br>0.75% Due 3/18/2024 | 600,000.00           | Various<br>0.70%            | 600,858.00<br>600,381.06                     | 94.33<br>5.06%       | 565,963.20<br>537.50                     | 0.51%<br>(34,417.86)                 | A2 / A<br>A                    | 1.38<br>1.34               |



| CUSIP            | Security Description   | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|------------------|--|-----------------|-----------------------------|--------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| <b>CORPORATE</b> |  |                 |                             |                          |                      |                              |                         |                    |                      |
| 023135BW5        | Amazon.com Inc Note<br>0.45% Due 5/12/2024                                     | 420,000.00      | 05/10/2021<br>0.50%         | 419,386.80<br>419,687.81 | 93.76<br>4.73%       | 393,776.46<br>887.25         | 0.35%<br>(25,911.35)    | A1 / AA<br>AA-     | 1.53<br>1.49         |
| 91324PEB4        | United Health Group Inc Callable Note<br>Cont 5/15/2022<br>0.55% Due 5/15/2024 | 230,000.00      | 11/08/2021<br>0.78%         | 228,679.80<br>229,192.33 | 93.55<br>4.96%       | 215,154.42<br>583.31         | 0.19%<br>(14,037.91)    | A3 / A+<br>A       | 1.54<br>1.49         |
| 14913R2L0        | Caterpillar Financial Service Note<br>0.45% Due 5/17/2024                      | 665,000.00      | 05/10/2021<br>0.50%         | 664,108.90<br>664,542.25 | 93.34<br>4.99%       | 620,695.70<br>1,363.25       | 0.56%<br>(43,846.55)    | A2 / A<br>A        | 1.55<br>1.50         |
| 24422EVQ9        | John Deere Capital Corp Note<br>0.45% Due 6/7/2024                             | 395,000.00      | 06/07/2021<br>0.49%         | 394,506.25<br>394,736.18 | 93.36<br>4.81%       | 368,759.36<br>711.00         | 0.33%<br>(25,976.82)    | A2 / A<br>A        | 1.60<br>1.56         |
| 89114QCA4        | Toronto Dominion Bank Note<br>2.65% Due 6/12/2024                              | 500,000.00      | 08/25/2021<br>0.61%         | 528,130.00<br>516,243.70 | 95.79<br>5.41%       | 478,948.00<br>5,115.97       | 0.43%<br>(37,295.70)    | A1 / A<br>AA-      | 1.62<br>1.53         |
| 89236TJH9        | Toyota Motor Credit Corp Note<br>0.5% Due 6/18/2024                            | 400,000.00      | 06/15/2021<br>0.54%         | 399,524.00<br>399,741.59 | 93.00<br>5.03%       | 371,987.60<br>738.89         | 0.33%<br>(27,753.99)    | A1 / A+<br>A+      | 1.63<br>1.58         |
| 06367TQW3        | Bank of Montreal Note<br>0.625% Due 7/9/2024                                   | 500,000.00      | 12/15/2021<br>1.21%         | 492,645.00<br>495,154.35 | 92.40<br>5.39%       | 461,990.50<br>972.22         | 0.41%<br>(33,163.85)    | A2 / A-<br>AA-     | 1.69<br>1.63         |
| 79466LAG9        | Salesforce.com Inc Callable Note Cont<br>7/15/2022<br>0.625% Due 7/15/2024     | 105,000.00      | 06/29/2021<br>0.64%         | 104,946.45<br>104,969.69 | 93.12<br>4.88%       | 97,774.11<br>193.23          | 0.09%<br>(7,195.58)     | A2 / A+<br>NR      | 1.71<br>1.66         |
| 69371RR40        | Paccar Financial Corp Note<br>0.5% Due 8/9/2024                                | 255,000.00      | 08/03/2021<br>0.52%         | 254,862.30<br>254,918.71 | 92.20<br>5.16%       | 235,102.10<br>290.42         | 0.21%<br>(19,816.61)    | A1 / A+<br>NR      | 1.78<br>1.72         |
| 78015K7C2        | Royal Bank of Canada Note<br>2.25% Due 11/1/2024                               | 500,000.00      | 05/19/2021<br>0.74%         | 525,645.00<br>514,878.17 | 94.06<br>5.42%       | 470,310.00<br>5,625.00       | 0.42%<br>(44,568.17)    | A1 / A<br>AA-      | 2.01<br>1.89         |
| 89236TJT3        | Toyota Motor Credit Corp Note<br>1.45% Due 1/13/2025                           | 275,000.00      | 01/10/2022<br>1.50%         | 274,631.50<br>274,729.68 | 92.60<br>5.05%       | 254,648.63<br>1,196.25       | 0.23%<br>(20,081.05)    | A1 / A+<br>A+      | 2.21<br>2.11         |
| 46647PBY1        | JP Morgan Chase & Co Callable Note<br>Cont 2/16/2024<br>0.563% Due 2/16/2025   | 365,000.00      | 02/09/2021<br>0.56%         | 365,000.00<br>365,000.00 | 93.21<br>4.96%       | 340,211.39<br>428.11         | 0.30%<br>(24,788.61)    | A1 / A-<br>AA-     | 2.30<br>2.21         |
| 57636QAN4        | MasterCard Inc Callable Note 1x<br>02/03/2025<br>2% Due 3/3/2025               | 600,000.00      | 10/28/2021<br>1.04%         | 618,294.00<br>612,682.82 | 93.90<br>4.79%       | 563,395.80<br>1,933.33       | 0.50%<br>(49,287.02)    | A1 / A+<br>NR      | 2.34<br>2.23         |
| 24422EWB1        | John Deere Capital Corp Note<br>2.125% Due 3/7/2025                            | 215,000.00      | 03/02/2022<br>2.14%         | 214,907.55<br>214,927.71 | 93.81<br>4.95%       | 201,692.36<br>685.31         | 0.18%<br>(13,235.35)    | A2 / A<br>A        | 2.35<br>2.24         |
| 87612EBL9        | Target Corp Callable Note Cont 4/15/25<br>2.25% Due 4/15/2025                  | 500,000.00      | 03/15/2022<br>2.53%         | 495,935.00<br>496,762.45 | 93.92<br>4.91%       | 469,598.50<br>500.00         | 0.42%<br>(27,163.95)    | A2 / A<br>A        | 2.46<br>2.34         |



| CUSIP                                  | Security Description  | Par Value/Units      | Purchase Date<br>Book Yield | Cost Value<br>Book Value                     | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.             | % of Port.<br>Gain/Loss             | Moody/S&P<br>Fitch           | Maturity<br>Duration       |
|--|---|----------------------|-----------------------------|--|----------------------|--|-------------------------------------|------------------------------|----------------------------|
| <b>CORPORATE</b>                       |   |                      |                             |  |                      |  |                                     |                              |                            |
| 06406RBC0                              | Bank of NY Mellon Corp Callable Note<br>Cont 3/25/2025<br>3.35% Due 4/25/2025 | 475,000.00           | 04/19/2022<br>3.35%         | 474,933.50<br>474,944.98                     | 96.17<br>5.01%       | 456,822.23<br>265.21                     | 0.41%<br>(18,122.75)                | A1 / A<br>AA-                | 2.48<br>2.34               |
| 46647PCH7                              | JP Morgan Chase & Co Callable Note<br>Cont 6/1/2024<br>0.824% Due 6/1/2025    | 555,000.00           | 05/24/2021<br>0.78%         | 555,720.85<br>555,380.16                     | 92.09<br>5.15%       | 511,123.37<br>1,905.50                   | 0.46%<br>(44,256.79)                | A1 / A-<br>AA-               | 2.59<br>2.48               |
| 438516CB0                              | Honeywell Intl Callable Note Cont<br>5/1/2025<br>1.35% Due 6/1/2025           | 500,000.00           | 03/09/2022<br>2.31%         | 485,140.00<br>488,104.43                     | 91.69<br>4.81%       | 458,474.00<br>2,812.50                   | 0.41%<br>(29,630.43)                | A2 / A<br>A                  | 2.59<br>2.47               |
| 63743HFE7                              | National Rural Utilities Note<br>3.45% Due 6/15/2025                          | 160,000.00           | 04/27/2022<br>3.46%         | 159,956.80<br>159,963.67                     | 95.78<br>5.19%       | 153,251.84<br>2,714.00                   | 0.14%<br>(6,711.83)                 | A2 / A-<br>A                 | 2.62<br>2.42               |
| 26442UAA2                              | Duke Energy Progress LLC Callable Note<br>Cont 5/15/25<br>3.25% Due 8/15/2025 | 500,000.00           | 04/18/2022<br>3.21%         | 500,605.00<br>500,499.76                     | 95.26<br>5.09%       | 476,318.50<br>3,430.56                   | 0.43%<br>(24,181.26)                | Aa3 / A<br>NR                | 2.79<br>2.60               |
| 857477BR3                              | State Street Bank Callable Note Cont<br>2/6/2025<br>1.746% Due 2/6/2026       | 175,000.00           | 02/02/2022<br>1.75%         | 175,000.00<br>175,000.00                     | 92.24<br>5.25%       | 161,416.15<br>721.44                     | 0.14%<br>(13,583.85)                | A1 / A<br>AA-                | 3.27<br>3.08               |
| <b>Total Corporate</b>                 |   | <b>11,070,000.00</b> | <b>1.48%</b>                | <b>11,171,259.50</b><br><b>11,098,210.56</b> | <b>4.95%</b>         | <b>10,490,031.00</b><br><b>55,175.08</b> | <b>9.41%</b><br><b>(608,179.56)</b> | <b>A1 / A</b><br><b>A+</b>   | <b>1.73</b><br><b>1.65</b> |
| <b>LAIF</b>                            |   |                      |                             |  |                      |  |                                     |                              |                            |
| 90LAIF\$00                             | Local Agency Investment Fund State<br>Pool                                    | 55,935,569.09        | Various<br>1.84%            | 55,935,569.09<br>55,935,569.09               | 1.00<br>1.84%        | 55,935,569.09<br>80,518.63               | 50.01%<br>0.00                      | NR / NR<br>NR                | 0.00<br>0.00               |
| <b>Total LAIF</b>                      |   | <b>55,935,569.09</b> | <b>1.84%</b>                | <b>55,935,569.09</b>                         | <b>1.84%</b>         | <b>55,935,569.09</b><br><b>80,518.63</b> | <b>50.01%</b><br><b>0.00</b>        | <b>NR / NR</b><br><b>NR</b>  | <b>0.00</b><br><b>0.00</b> |
| <b>LOCAL GOV INVESTMENT POOL</b>       |   |                      |                             |  |                      |  |                                     |                              |                            |
| 90SDCP\$00                             | County of San Diego Pooled Investment<br>Pool                                 | 5,330,000.00         | Various<br>1.80%            | 5,330,000.00<br>5,330,000.00                 | 1.00<br>1.80%        | 5,330,000.00<br>0.00                     | 4.76%<br>0.00                       | NR / NR<br>AAA               | 0.00<br>0.00               |
| <b>Total Local Gov Investment Pool</b> |   | <b>5,330,000.00</b>  | <b>1.80%</b>                | <b>5,330,000.00</b>                          | <b>1.80%</b>         | <b>5,330,000.00</b><br><b>0.00</b>       | <b>4.76%</b><br><b>0.00</b>         | <b>NR / NR</b><br><b>AAA</b> | <b>0.00</b><br><b>0.00</b> |



| CUSIP                          | Security Description               | Par Value/Units   | Purchase Date<br>Book Yield | Cost Value<br>Book Value               | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.     | % of Port.<br>Gain/Loss     | Moody/S&P<br>Fitch            | Maturity<br>Duration       |
|--------------------------------|------------------------------------|-------------------|-----------------------------|--|----------------------|----------------------------------|-----------------------------|-------------------------------|----------------------------|
| <b>MONEY MARKET FUND</b>       |                                    |                   |                             |  |                      |                                  |                             |                               |                            |
| 261908206                      | Dreyfus Treasury Money Market Fund | 409,585.18        | Various<br>2.74%            | 409,585.18<br>409,585.18               | 1.00<br>2.74%        | 409,585.18<br>0.00               | 0.37%<br>0.00               | Aaa / AAA<br>NR               | 0.00<br>0.00               |
| <b>Total Money Market Fund</b> |                                    | <b>409,585.18</b> | <b>2.74%</b>                | <b>409,585.18</b><br><b>409,585.18</b> | <b>2.74%</b>         | <b>409,585.18</b><br><b>0.00</b> | <b>0.37%</b><br><b>0.00</b> | <b>Aaa / AAA</b><br><b>NR</b> | <b>0.00</b><br><b>0.00</b> |

|                            |   |                     |                     |  |                |                                      |                                    |                                |                            |
|----------------------------|---|---------------------|---------------------|--|----------------|--------------------------------------|------------------------------------|--------------------------------|----------------------------|
| <b>SUPRANATIONAL</b>       |   |                     |                     |  |                |                                      |                                    |                                |                            |
| 459058JM6                  | Intl. Bank Recon & Development Note<br>0.25% Due 11/24/2023 | 395,000.00          | 11/17/2020<br>0.32% | 394,150.75<br>394,699.08                   | 95.41<br>4.72% | 376,880.17<br>430.66                 | 0.34%<br>(17,818.91)               | Aaa / AAA<br>AAA               | 1.07<br>1.04               |
| 4581X0DZ8                  | Inter-American Dev Bank Note<br>0.5% Due 9/23/2024          | 830,000.00          | 09/15/2021<br>0.52% | 829,385.80<br>829,612.20                   | 92.58<br>4.64% | 768,414.00<br>438.06                 | 0.69%<br>(61,198.20)               | Aaa / AAA<br>NR                | 1.90<br>1.84               |
| <b>Total Supranational</b> |   | <b>1,225,000.00</b> | <b>0.46%</b>        | <b>1,223,536.55</b><br><b>1,224,311.28</b> | <b>4.66%</b>   | <b>1,145,294.17</b><br><b>868.72</b> | <b>1.02%</b><br><b>(79,017.11)</b> | <b>Aaa / AAA</b><br><b>AAA</b> | <b>1.62</b><br><b>1.58</b> |

|                    |   |              |                     |                              |                |                        |                      |                  |              |
|--------------------|---|--------------|---------------------|------------------------------|----------------|------------------------|----------------------|------------------|--------------|
| <b>US TREASURY</b> |   |              |                     |                              |                |                        |                      |                  |              |
| 912828T91          | US Treasury Note<br>1.625% Due 10/31/2023 | 1,000,000.00 | 09/25/2019<br>1.60% | 1,000,898.44<br>1,000,218.60 | 97.05<br>4.67% | 970,547.00<br>44.89    | 0.87%<br>(29,671.60) | Aaa / AA+<br>AAA | 1.00<br>0.97 |
| 91282CBE0          | US Treasury Note<br>0.125% Due 1/15/2024  | 1,000,000.00 | 01/12/2021<br>0.24% | 996,445.31<br>998,571.63     | 94.68<br>4.72% | 946,758.00<br>370.24   | 0.85%<br>(51,813.63) | Aaa / AA+<br>AAA | 1.21<br>1.18 |
| 912828V80          | US Treasury Note<br>2.25% Due 1/31/2024   | 1,000,000.00 | 12/16/2019<br>1.71% | 1,021,210.94<br>1,006,422.44 | 97.09<br>4.67% | 970,898.00<br>5,686.14 | 0.87%<br>(35,524.44) | Aaa / AA+<br>AAA | 1.25<br>1.20 |
| 912828X70          | US Treasury Note<br>2% Due 4/30/2024      | 1,000,000.00 | 03/03/2020<br>0.71% | 1,052,539.06<br>1,018,897.45 | 96.15<br>4.69% | 961,523.00<br>55.25    | 0.86%<br>(57,374.45) | Aaa / AA+<br>AAA | 1.50<br>1.45 |
| 91282CCC3          | US Treasury Note<br>0.25% Due 5/15/2024   | 1,000,000.00 | 05/12/2021<br>0.36% | 996,875.00<br>998,397.51     | 93.51<br>4.67% | 935,078.00<br>1,154.89 | 0.84%<br>(63,319.51) | Aaa / AA+<br>AAA | 1.54<br>1.50 |
| 91282CCG4          | US Treasury Note<br>0.25% Due 6/15/2024   | 1,000,000.00 | 06/10/2021<br>0.33% | 997,695.31<br>998,755.13     | 93.19<br>4.65% | 931,914.00<br>949.45   | 0.83%<br>(66,841.13) | Aaa / AA+<br>AAA | 1.62<br>1.58 |
| 91282CCX7          | US Treasury Note<br>0.375% Due 9/15/2024  | 1,000,000.00 | 09/10/2021<br>0.44% | 997,929.69<br>998,707.95     | 92.56<br>4.56% | 925,625.00<br>486.88   | 0.83%<br>(73,082.95) | Aaa / AA+<br>AAA | 1.88<br>1.83 |

**Vallecitos Water District Consolidated Account**

Account #10594

**Holdings Report**

As of October 31, 2022



| CUSIP                                  | Security Description                      | Par Value/Units       | Purchase Date<br>Book Yield | Cost Value<br>Book Value                       | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.               | % of Port.<br>Gain/Loss                 | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|--|---|-----------------------|-----------------------------|--|----------------------|--|---|--------------------------------|----------------------------|
| <b>US TREASURY</b>                     |   |                       |                             |  |                      |  |   |                                |                            |
| 912828YM6                              | US Treasury Note<br>1.5% Due 10/31/2024   | 1,000,000.00          | 08/06/2021<br>0.45%         | 1,033,554.69<br>1,020,776.02                   | 94.26<br>4.53%       | 942,617.00<br>41.44                        | 0.84%<br>(78,159.02)                    | Aaa / AA+<br>AAA               | 2.00<br>1.93               |
| 91282CDH1                              | US Treasury Note<br>0.75% Due 11/15/2024  | 1,000,000.00          | 11/29/2021<br>0.81%         | 998,164.06<br>998,734.71                       | 92.68<br>4.54%       | 926,836.00<br>3,464.67                     | 0.83%<br>(71,898.71)                    | Aaa / AA+<br>AAA               | 2.04<br>1.98               |
| 91282CDN8                              | US Treasury Note<br>1% Due 12/15/2024     | 500,000.00            | 03/15/2022<br>2.03%         | 486,347.66<br>489,472.08                       | 93.01<br>4.49%       | 465,058.50<br>1,898.91                     | 0.42%<br>(24,413.58)                    | Aaa / AA+<br>AAA               | 2.13<br>2.05               |
| 912828ZC7                              | US Treasury Note<br>1.125% Due 2/28/2025  | 1,250,000.00          | 02/09/2022<br>1.59%         | 1,232,666.02<br>1,236,773.89                   | 92.63<br>4.49%       | 1,157,812.50<br>2,408.49                   | 1.04%<br>(78,961.39)                    | Aaa / AA+<br>AAA               | 2.33<br>2.25               |
| 912828ZF0                              | US Treasury Note<br>0.5% Due 3/31/2025    | 1,000,000.00          | 03/03/2021<br>0.54%         | 998,515.63<br>999,121.15                       | 91.14<br>4.41%       | 911,367.00<br>439.56                       | 0.81%<br>(87,754.15)                    | Aaa / AA+<br>AAA               | 2.42<br>2.35               |
| 912828ZL7                              | US Treasury Note<br>0.375% Due 4/30/2025  | 950,000.00            | 04/12/2021<br>0.66%         | 939,238.28<br>943,366.76                       | 90.50<br>4.43%       | 859,787.05<br>9.84                         | 0.77%<br>(83,579.71)                    | Aaa / AA+<br>AAA               | 2.50<br>2.44               |
| 912828ZT0                              | US Treasury Note<br>0.25% Due 5/31/2025   | 1,000,000.00          | 10/14/2021<br>0.78%         | 980,976.56<br>986,465.20                       | 89.78<br>4.49%       | 897,812.00<br>1,051.91                     | 0.80%<br>(88,653.20)                    | Aaa / AA+<br>AAA               | 2.58<br>2.52               |
| 9128285C0                              | US Treasury Note<br>3% Due 9/30/2025      | 650,000.00            | 04/29/2022<br>2.90%         | 652,005.86<br>651,711.50                       | 96.05<br>4.46%       | 624,355.55<br>1,714.29                     | 0.56%<br>(27,355.95)                    | Aaa / AA+<br>AAA               | 2.92<br>2.74               |
| 9128285J5                              | US Treasury Note<br>3% Due 10/31/2025     | 975,000.00            | 06/02/2022<br>2.87%         | 978,999.02<br>978,514.39                       | 95.94<br>4.46%       | 935,390.63<br>80.80                        | 0.84%<br>(43,123.76)                    | Aaa / AA+<br>AAA               | 3.00<br>2.83               |
| 912828M56                              | US Treasury Note<br>2.25% Due 11/15/2025  | 1,000,000.00          | 07/08/2022<br>3.18%         | 970,742.19<br>973,445.49                       | 93.75<br>4.47%       | 937,461.00<br>10,394.02                    | 0.85%<br>(35,984.49)                    | Aaa / AA+<br>AAA               | 3.04<br>2.86               |
| 9128285T3                              | US Treasury Note<br>2.625% Due 12/31/2025 | 1,000,000.00          | 08/17/2022<br>3.25%         | 980,234.38<br>981,438.62                       | 94.68<br>4.45%       | 946,758.00<br>8,845.11                     | 0.85%<br>(34,680.62)                    | Aaa / AA+<br>AAA               | 3.17<br>2.96               |
| <b>Total US Treasury</b>               |   | <b>17,325,000.00</b>  | <b>1.31%</b>                | <b>17,315,038.10</b><br><b>17,279,790.52</b>   | <b>4.55%</b>         | <b>16,247,598.23</b><br><b>39,096.78</b>   | <b>14.54%</b><br><b>(1,032,192.29)</b>  | <b>Aaa / AA+</b><br><b>AAA</b> | <b>2.10</b><br><b>2.02</b> |
| <b>TOTAL PORTFOLIO</b>                 |   | <b>114,379,872.30</b> | <b>1.55%</b>                | <b>114,611,164.65</b><br><b>114,398,440.54</b> | <b>3.15%</b>         | <b>111,779,806.46</b><br><b>230,317.34</b> | <b>100.00%</b><br><b>(2,618,634.08)</b> | <b>Aa1 / AA</b><br><b>AAA</b>  | <b>0.80</b><br><b>0.68</b> |
| <b>TOTAL MARKET VALUE PLUS ACCRUED</b> |   |                       |                             |  |                      | <b>112,010,123.80</b>                      |   |                                |                            |

**VALLECITOS WATER DISTRICT  
SUMMARY OF LEGAL FEES**

| <b>Matter Description</b>              | <b>Sep-21</b>    | <b>Oct-21</b>    | <b>Nov-21</b>    | <b>Dec-21</b>    | <b>Jan-22</b>    | <b>Feb-22</b>   | <b>Mar-22</b>    | <b>Apr-22</b>    | <b>May-22</b>    | <b>Jun-22</b>    | <b>Jul-22</b>    | <b>Aug-22</b>    | <b>Sep-22</b>    | <b>Total</b>      |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| General Counsel Services               | \$ 9,160         | \$ 14,725        | \$ 10,616        | \$ 8,361         | \$ 17,888        | \$ 3,317        | \$ 5,420         | \$ 22,505        | \$ 9,905         | \$ 7,227         | \$ 7,292         | \$ 9,448         | \$ 13,065        | \$ 138,927        |
| Labor/Employment                       | 461              | 890              | 1,965            | 860              | 1,934            | 829             | 1,013            | 184              | 1,658            | 1,044            | 1,001            | 2,584            | 1,647            | 16,070            |
| Engineering - Construction/Contracting | 2,915            | 3,025            | 2,915            | 3,548            | 3,316            | 2,303           | 2,533            | 4,298            | 4,810            | 2,088            | 1,865            | 10,778           | 10,050           | 54,442            |
| Fees and Taxes                         | 461              | -                | -                | 154              | -                | -               | -                | 276              | 3,776            | 2,198            | 2,623            | 1,744            | 2,705            | 13,936            |
| Environmental                          | -                | -                | -                | -                | -                | -               | 1,689            | -                | 215              | -                | -                | 711              | -                | 2,614             |
| Adv. Butler                            | 2,947            | -                | 550              | 1,100            | 1,089            | 1,013           | 1,965            | 4,115            | 4,225            | 1,488            | 323              | 1,686            | 1,855            | 22,356            |
| Renewable Energy                       | 215              | -                | -                | 110              | 399              | -               | 307              | 92               | -                | -                | -                | -                | -                | 1,123             |
| Litigation                             | 3,991            | 4,329            | 368              | 1,228            | 1,259            | 1,842           | 4,166            | 2,456            | 450              | 92               | -                | -                | -                | 20,180            |
| Driscoll & Omens Prop 218 Sole         | 324              | 2,945            | 647              | 1,074            | 795              | 246             | 43               | -                | -                | -                | -                | -                | -                | 6,073             |
| Driscoll & Omens Prop 218 Shared       | 85               | 95               | 23               | 602              | 240              | 223             | 170              | -                | 34               | -                | -                | -                | -                | 1,471             |
| Driscoll & Omens Prop 218 PRA Requests | 835              | 290              | 1,028            | 186              | 17               | 104             | -                | -                | -                | -                | -                | -                | -                | 2,459             |
| Regional Board                         | -                | -                | -                | -                | -                | -               | -                | -                | -                | -                | -                | -                | -                | 517               |
| Occiano                                | -                | -                | -                | -                | -                | -               | -                | -                | -                | -                | -                | 511              | 267              | 778               |
| <b>Total</b>                           | <b>\$ 21,392</b> | <b>\$ 26,299</b> | <b>\$ 18,112</b> | <b>\$ 17,221</b> | <b>\$ 26,936</b> | <b>\$ 9,876</b> | <b>\$ 17,305</b> | <b>\$ 33,927</b> | <b>\$ 25,072</b> | <b>\$ 14,136</b> | <b>\$ 13,104</b> | <b>\$ 27,462</b> | <b>\$ 30,107</b> | <b>\$ 280,946</b> |

**DATE: NOVEMBER 16, 2022**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SAN MARCOS HIGHLANDS PHASE 2 (KB HOME CALIFORNIA, LLC.)**

**BACKGROUND:**

KB Home California, LLC. (KB), owner of the project, has completed the installation of water and sewer facilities for the 37-lot single-family residential development located on North Las Posas Road, just north of Borden Road.

**DISCUSSION:**

Water and/or sewer facilities for private land development projects are constructed by a developer. When completed to the satisfaction of the District, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 924 feet of 8-inch Polyvinyl Chloride (PVC) water main with water services and assorted appurtenances and 905 feet of 8-inch PVC sewer main with sewer laterals and manholes.

The local fire agency has reviewed and approved the Improvement Plan and has required the installation of (one or more) fire hydrants for this project. Vallecitos Water District does not maintain, repair, or replace fire hydrants unless specified in a separate agreement.

Upon final acceptance of the project, water and sewer service will be available to 37 single family homes. The ultimate buildout of the development will be in subsequent phasing that will include additional water and sewer infrastructure, with a total of 187 single family lots for the San Marcos Highlands Development.

The owner has provided the District with the one-year warranty bond. All current fees and charges have been paid to date.

The owner has paid a total of \$293,595 in water capital facility fees and \$482,887 in wastewater capital facility fees, paid in August 2021.

**FISCAL IMPACT:**

None. Future water and sewer revenues will offset costs of service.

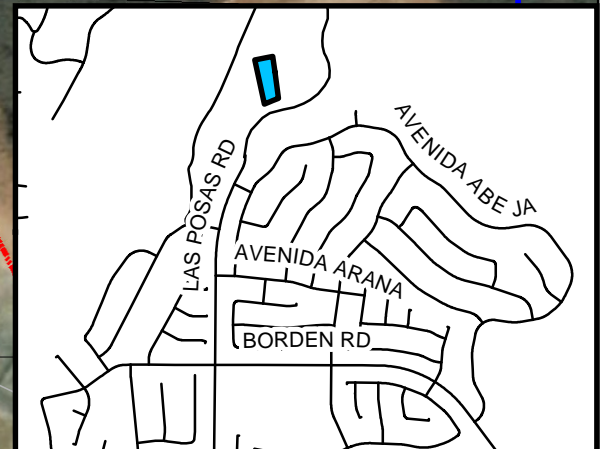
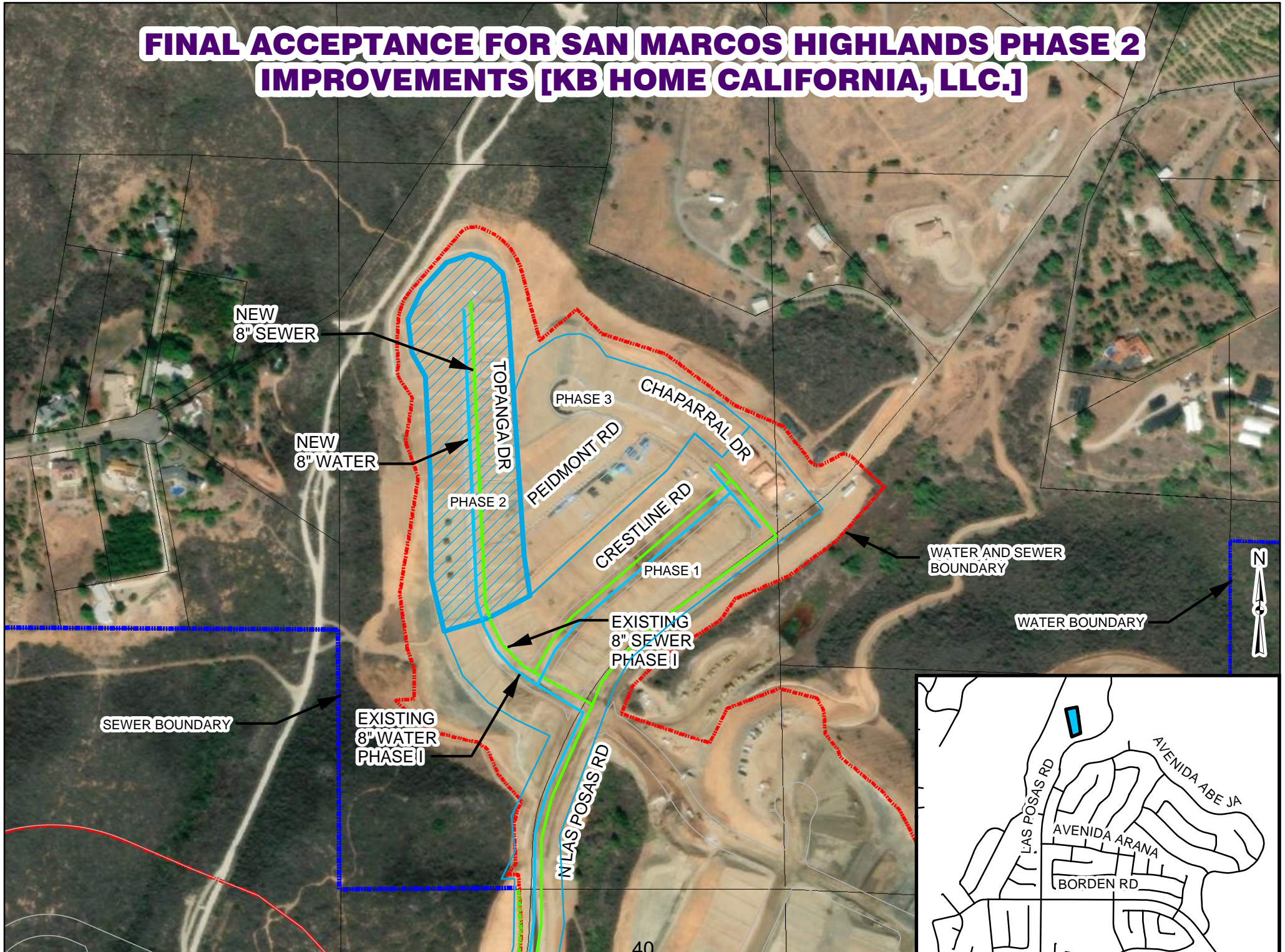
**RECOMMENDATION:**

Accept the project water and sewer improvements for San Marcos Highlands Phase 2.

**ATTACHMENT(S):**

1 Map Exhibit – 1 Aerial Map

# FINAL ACCEPTANCE FOR SAN MARCOS HIGHLANDS PHASE 2 IMPROVEMENTS [KB HOME CALIFORNIA, LLC.]





**DATE: NOVEMBER 16, 2022**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE “HIGH POINT SEWER ANNEXATION” INTO THE VALLECITOS WATER DISTRICT FOR SEWER SERVICE (CALIFORNIA WEST COMMUNITIES)**

**BACKGROUND:**

California West Communities is requesting annexation into the Vallecitos Water District (VWD) for sewer service as part of the High Point Development project. The properties are approximately 15.52 combined acreage located on Woodland Heights Glen in Escondido.

The properties are currently within the VWD sphere of influence, outside of the sewer service boundary, and is within the VWD water service boundary.

The High Point Development project was originally approved by the Board of Directors in 2006 but the project went bankrupt, and construction ceased at the site in 2007. Facilities constructed were abandoned and never accepted by the Board. The project was purchased and re-initiated by California West Communities. A construction agreement for Phase 1 water improvements was approved by the Board of Directors on April 20, 2022.

**DISCUSSION:**

The development had already constructed an existing 8-inch polyvinyl chloride sewer main and laterals to serve two of its four lots. The existing sewer main fronts the two remaining parcels, therefore the developer is requesting annexation to connect them.

**FISCAL IMPACT:**

Payment of \$164,856.44 (\$10,622.00/ acre for 15.52-acres) in sewer annexation fees will be collected in accordance with Ordinance No. 200. All other fees will cover actual costs and have no fiscal impact.

**RECOMMENDATION:**

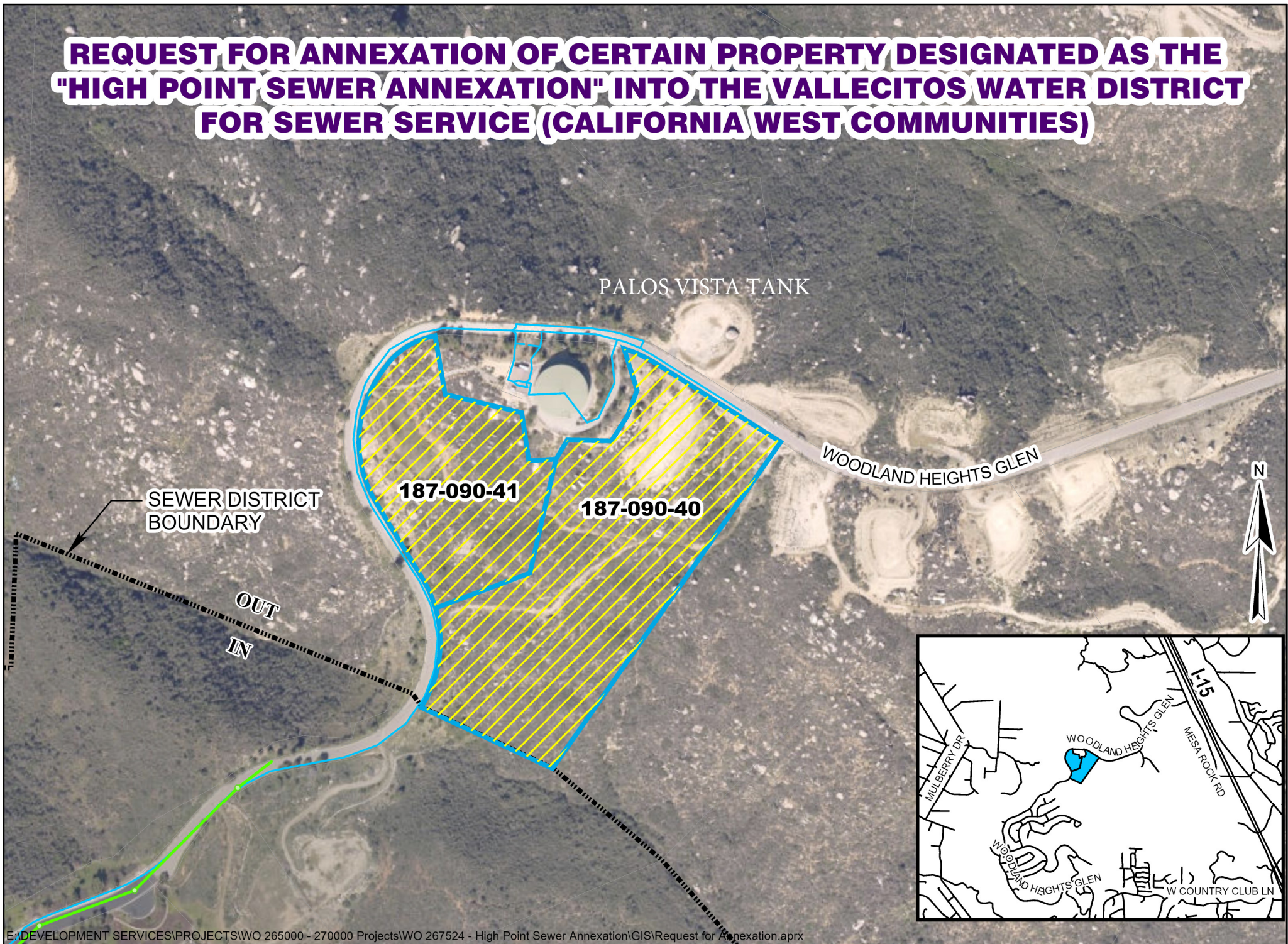
Approve the conditions for sewer annexation of 15.52-acres of APN(s) 187-090-40 & 41 into the Vallecitos Water District which include the following:

1. Payment of sewer annexation fee of \$164,853.44.
2. Payment of \$1,000.00 sewer administration deposit (already paid).
3. Payment of State Board of Equalization fee of \$800.00
4. Submittal of a copy of the title report initiated or updated within the last 6 months showing ownership and a geographic description of the property including a plat map.
5. Completion of annexation within 2 years of initial Board approval. If annexation is not complete within 2 years of Board approval, a new request for annexation may be required.

**ATTACHMENT(S):**

1 Map Exhibits - 1 Aerial

# REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "HIGH POINT SEWER ANNEXATION" INTO THE VALLECITOS WATER DISTRICT FOR SEWER SERVICE (CALIFORNIA WEST COMMUNITIES)



**DATE: NOVEMBER 16, 2022**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR'S PARCEL NO. 228-360-43 AND (2) ASSESSOR'S PARCEL NOS. 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA**

**BACKGROUND:**

The Board of Directors is being asked to consider the adoption of two Resolutions of Necessity declaring its intent to acquire certain easement interests in certain real property by eminent domain for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California (Project). The properties are generally described as Assessor's Parcel Number 228-360-43 and Assessor's Parcel Numbers 228-370-38 and 228-370-04, and are further described below.

The immediate need for the easement acquisitions is to proceed with the construction of the Project. The acquisitions are required for and will benefit the community by replacing the existing Montiel sewer basin sewage conveyance facility (lift station) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands.

Preliminary title reports were obtained from Corinthian Title Company and Chicago Title Company to confirm and identify the record owners of the parcels affected by the Project. District staff then provided the affected property owners with a notice of the District's decision to appraise the property.

The District had the properties appraised and made offers to the record owners. Negotiations have thus far been unsuccessful for the purchase of the easement interests necessary for the Project. The adoption of Resolutions of Necessity for the interests will not prevent negotiations from continuing.

Since agreements have not been reached with the owners of record, it may be necessary to acquire the easement interests described in the attachments by eminent domain. The authorization for the District's General Counsel to initiate the eminent domain process is included in the proposed Resolutions of Necessity.

**DISCUSSION:**

**Description of the Affected Properties and Easements To Be Acquired:**

**Coles Parcel:**

Assessor Parcel No. 228-360-43 (Coles Property) is owned by MONTIEL RD., LLC. The property is located at 2175 Montiel Road in San Marcos, San Diego County, California. The property is occupied. The District desires to acquire permanent easement interests on a portion of the Coles Property in order to construct, operate, maintain, repair, and replace

Montiel Lift Station, which is part of the scope of the Project. The legal description and depiction of the Coles Property and the easement to be acquired thereon are attached.

Future Hotel Property:

Assessor Parcel Nos. 228-370-38 and 228-370-04 (Future Hotel Property) are owned by SAN MARCOS HOSPITALITY, LLC. The property is located at Leora Lane in San Marcos, San Diego County, California. The property is unoccupied. The District desires to acquire permanent easement interests on a portion of the Future Hotel Property in order to access, operate, maintain, and repair the proposed Montiel Lift Station. The District also desires to acquire temporary construction easements on a portion of the future site of the hotel property for the District's construction activities, including earthwork, drainage and grading improvements, construction staging and temporarily spoils storage from the construction activities in the immediate vicinity of the replacement of the Montiel Lift Station which is part of the Project. The legal description and depiction of the Future Hotel Property and the easements to be acquired are attached.

Project Description:

This Project is known as the Montiel Lift Station and Forcemain Replacement Project. The Project is located at 2175 Montiel Road, Leora Lane, and the surrounding vicinity in San Marcos, San Diego County, California.

The District's Montiel Lift Station pumps wastewater collected from the Montiel sewer basin through a 6-inch diameter force main to a gravity sewer heading west through the Nordahl Shopping Center at the intersection of Nordahl Road and Montiel Road. Several system deficiencies have been identified with this current infrastructure:

- The Montiel Lift Station was constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The District's 2018 Master Plan identifies replacement of this lift station.
- The 6-inch diameter force main serving the Montiel Lift Station is corroded, at-risk of failing, and is in severe need of replacement.
- The existing 8-inch diameter gravity sewer conveys wastewater from the 6-inch force main through the Nordahl Shopping Center is undersized and cannot serve additional development in the Montiel sewer basin without replacement. The District's 2018 Master Plan identifies upsizing of this pipeline.

The Montiel Lift Station has a history of operational ineffectiveness including occasional pump failure in the wet well requiring emergency action to make repairs. The Board of Directors authorized a professional services agreement (PSA) for engineering design and environmental services on November 6, 2019, with Michael Baker International (MBI) to design the Montiel Lift Station and Forcemain Replacement Improvements (Project). The Board of Directors adopted a resolution approving an addendum to the 2018 Program Environmental Impact Report on September 7, 2022, and Notice of Determination was filed on September 13, 2022. The Project is currently in final design.

The Project will include demolition, grading, drainage, yard piping replacements, structural improvements, electrical and telemetry improvements, standby generator improvements, gravity sewer rehabilitation or replacement, forcemain replacement and extension, surface restoration, and connection to the existing gravity sewer system. Temporary fencing will be placed around the construction area or environmentally sensitive areas during construction.

Subject to the timely acquisition of the necessary property interests and bidding and award of a construction contract, construction is expected to commence in January 2023 and extend through approximately January 2024.

Hearing and Required Findings:

The action requested of the Board at the conclusion of this hearing is the adoption of two Resolutions of Necessity, authorizing the acquisition of real property interests by eminent domain. Title to the Coles Property is vested in Montiel Rd., a limited liability company. Title to the Future Hotel Property is vested in San Marcos Hospitality, a limited liability company. The requested action would authorize the acquisition of permanent easements over a portion of the Coles Property, and permanent and temporary easements over a portion of the Future Hotel Property.

The properties and proposed easement interests are further identified in the legal descriptions and depictions attached hereto.

California eminent domain law provides that a public entity may not commence with eminent domain proceedings until its governing body has adopted a resolution of necessity, which resolution may only be adopted after the governing body has given each party with an interest in the affected property, or their representatives, a reasonable opportunity to appear and be heard on the following matters:

1. The public interest and necessity require the proposed project,
2. The project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury,
3. The real property to be acquired is necessary for the project, and
4. The offer of just compensation has been made to the property owner.

A notice of the hearing was sent by first class mail to the property owners and stated the District's intent to consider the adoption of a resolution, the right of the property owners to appear and be heard on these issues, and failure to file a written request to appear would result in a waiver of the right to appear and be heard. The Board has scheduled this hearing at which all persons who filed a written request within 15 days of the date of notice was mailed may appear and be heard. The District mailed the required notice to the property owners on September 13, 2022, in accordance with California Code of Civil Procedure, Section 1245.235.

The public hearing was originally scheduled for the September 21, 2022, Board meeting; however, representatives for the property owners requested the date be moved to the October 5 Board meeting. Staff accommodated this request and an additional request to

continue the item from the October 5 Board meeting due to progression of ongoing negotiations with the property owners. The item was granted continuance from the October 5 public hearing to the October 19 Board meeting. The item was granted continuance from the October 19 Board meeting to the November 2 Board meeting and again from the November 2 Board meeting to the November 16 Board meeting.

The property owners were also invited to meet with District staff to discuss the Project and address any concerns the property owners may have with the design of the Project in the manner proposed and the necessity of the acquisition.

The four required findings of the public hearing are addressed as follows:

1. The Public Interest and Necessity Require the Proposed Project.  
The Project is required for and will benefit the community by replacing the existing Montiel sewer lift station that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers served by the facilities.
2. The Project Is Planned or Located in a Manner That Will Be Most Compatible with the Greatest Public Good and the Least Private Injury.  
A thorough analysis was conducted to find the single best location for this Project. Environmental analyses and findings indicate that this and other sites uniquely satisfy the engineering, public health, and environmental issues, and these locations are the most compatible with the greatest public good, as the proposed improvement location occupies the footprint of the existing lift station being replaced which resides within existing District sewer easements. This location will result in the least private injury.
3. The Property Sought To Be Acquired Is Necessary for the Proposed Project.  
As described above, a careful analysis was performed regarding this (and other) locations and what property and property rights were needed, and easements on these parcels meet all the desired characteristics for the construction of the improvements for the Project. Based on that analysis, the acquisition of the easement interests in the properties is necessary for construction of the Project.
4. The Offers of Just Compensation Have Been Made.  
Appraisals were prepared by the District's appraiser Anderson & Brabant, MAI, of California, to establish the fair market value of the real property interests the District is seeking to acquire from the interest owned by the property owner identified herein. An offer of just compensation was made to the property owners to purchase the property interests, based on the approved appraisals, as required by Section 7267.2 of the California Government Code. The District made an offer of \$9,000 for the permanent easement interests on Coles Property on August 4, 2022 and an offer of \$61,000 for the permanent and temporary easement interests on the Future Hotel Property on August 11, 2022.

Although negotiated settlements may still be possible, it would be appropriate to commence the procedures to acquire the interests sought through eminent domain, to ensure that the property will be available to meet the timeframes associated with the Montiel Lift Station and Forcemain Rehabilitation Project.

**Environmental Compliance:**

Compliance with the California Environmental Quality Act (CEQA) has been satisfied by the September 7, 2022, Board of Directors adoption of a resolution approving an addendum to the 2018 Program Environmental Impact Report for the Montiel Lift Station and Forcemain Replacement Project. A Notice of Determination was filed on September 13, 2022.

**FISCAL IMPACT:**

Funding for this Project is provided 51% through the District's Sewer Replacement Fund 210 and 49% through the District's Sewer Capacity Fund. The Project was approved in the District's Fiscal Year 2022-2023 Budget totaling \$7,215,000.

Costs associated with the acquisition of the requested easements are included in the approved project budget. Staff and legal fees to coordinate the easement acquisition has also been included in the project budget.

**RECOMMENDATION:**

1. Hold a hearing to consider the adoption of two Resolutions of Necessity, including providing all parties interested in the affected properties or their representatives an opportunity to be heard on the issues relevant to the Resolutions of Necessity,
2. After holding the hearing, adopt a Resolution of Necessity for the Acquisition of Certain Permanent Easement Interests in Certain Real Property Identified as Assessor Parcel No. 228-360-43 by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project in San Marcos, California, including making the findings described therein, and
3. After holding the hearing, adopt a Resolution of Necessity for the Acquisition of Certain Permanent and Temporary Easement Interests in Certain Real Property Identified as Assessor Parcel Nos. 228-370-38 and 228-370-04 by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project in San Marcos, California, including making the findings described therein.

**ATTACHMENTS:**

1 Map Exhibit – 1 Aerial Map

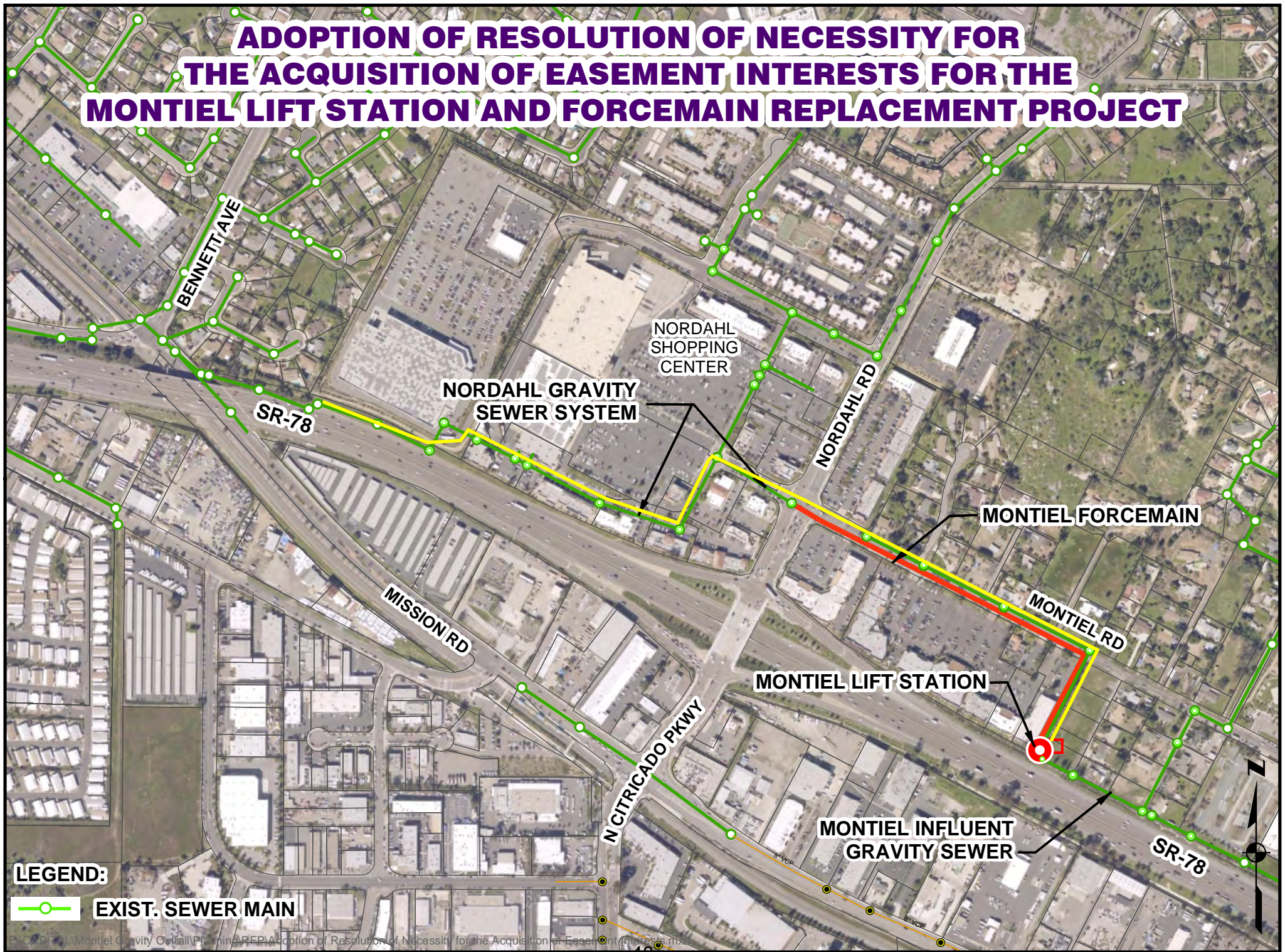
APN 228-360-43 (Coles Property):

1. Proposed Resolutions of Necessity
2. Offer Letters to Property Owner
3. Notices of Hearing to Property Owner

APN 228-370-38 and 228-370-04 (Future Hotel Property):

1. Proposed Resolutions of Necessity
2. Offer Letters to Property Owner
3. Notices of Hearing to Property Owner

# ADOPTION OF RESOLUTION OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT



**LEGEND:**  
—○— EXIST. SEWER MAIN



**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT DECLARING THAT ACQUISITION OF EASEMENT INTERESTS IN THE PROPERTY KNOWN AS ASSESSOR'S PARCEL NO. 228-360-43 ARE NECESSARY FOR THE FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT as follows:

WHEREAS, Vallecitos Water District ("District") is a county water District established and organized pursuant to California Water Code § 30000 *et seq.*; and

WHEREAS, the District proposes to acquire permanent easement interests in real property owned by MONTIEL RD, LLC. ("Property Owner") and generally identified as Assessor's Parcel Number ("APN") 228-360-43 for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California, pursuant to Water Code section 31040 and Code of Civil Procedure section 1240.040; and

WHEREAS, pursuant to Code of Civil Procedure section 1245.235, the District scheduled a public hearing for October 5, 2022, at 5:00 p.m. in the Board Room of Vallecitos Water District, 201 Vallecitos De Oro, San Marcos, CA 92069, and gave to each person whose property is to be acquired and whose name and address appears on the last equalized county assessment roll, notice and a reasonable opportunity to appear at said hearing and be heard on the matters referred to in Code of Civil Procedure section 1240.030; and

WHEREAS, said hearing has been held by the District and each person whose property is to be acquired by eminent domain was afforded the opportunity to be heard on said matters; and

WHEREAS, the District may adopt a resolution of necessity pursuant to Code of Civil Procedure section 1240.040.

NOW THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED, by a vote of two-thirds or more of all members of the Board of the District as follows:

**SECTION 1: Notice and Hearing Compliance.**

Section 1.1 The District has provided notice of this hearing as required by Code of Civil Procedure section 1245.235.

**SECTION 2: Compliance with the California Environmental Quality Act.**

Section 2.1: The District, as lead agency for the Project, prepared an Addendum ("Addendum") to the certified 2018 Water, Wastewater, and Recycled Water

Master Plan Program Environmental Impact Report (“PEIR”; SCH No. 2017111082) that analyzed the Project’s potential environmental impacts under the California Environmental Quality Act (“CEQA”). The Addendum concluded that the Project (1) would not result in any new significant environmental impacts or substantially increase any previously identified significant effects; (2) there are no new circumstances under which the improvements will be undertaken that would cause any new or more severe significant effects; and (3) there is no new information showing the improvements would have new or more severe significant effects or that there are new feasible mitigation measures or alternatives that would reduce any identified significant effects. On September 7, 2022, the Board of Directors of the District adopted a resolution approving the Addendum to the PEIR for the Project, which includes mitigation monitoring measures. A Notice of Determination was filed on September 13, 2022.

### SECTION 3: Public Use.

Section 3.1: The public use for which the easement interests are to be acquired is for the District’s proposed Project to replace the existing Montiel sewer basin sewage conveyance facility (“Montiel Lift Station”) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers in the area served by the facility. The Project will replace the existing Montiel Lift Station, which was initially constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The permanent easement interests sought are needed to construct, operate, maintain, repair, and replace Montiel Lift Station. The District is authorized to acquire by eminent domain property interests necessary for such a purpose in accordance with Water Code section 31040 and Code of Civil Procedure section 1240.040.

### SECTION 4: Description of Property.

Section 4.1: The property on which the easement is sought is generally described as APN 228-360-43. Attached hereto as Exhibits are the legal descriptions and depictions of the real property interests required for the Project, which describe the general location of the property and the easement area to be acquired by the District with sufficient detail for reasonable identification.

### SECTION 5: Findings.

Section 5.1: The District hereby finds and determines the following:

- a. The public interest and necessity require the proposed Project; and
- b. The proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and least private injury; and
- c. The easement is necessary for the proposed Project; and
- d. The offer required by Government Code section 7267.2 was made.

SECTION 6: Further Activities.

Section 6.1: Best Best & Krieger LLP (“BBK”), as counsel for the District, is hereby authorized to acquire the described real property interests in the name of and on behalf of the District by eminent domain. BBK is further authorized to institute and prosecute such legal proceedings as may be required. BBK may take such steps as may be authorized and required by law, and make such deposits as may be required, to permit the District to take possession of and use said real property interests at the earliest possible time. BBK is further authorized to correct any errors or to make or agree to non-material changes in the legal descriptions of the real property that is deemed necessary for the conduct of the condemnation action, or any other proceedings or transactions required to acquire the property interests.

SECTION 7: Severability.

Section 7.1: If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable. The Board of Directors hereby declares that it would have adopted this resolution irrespective of the invalidity of any particular portion thereof.

SECTION 8: Effective Date.

Section 8.1: This resolution shall become effective immediately upon its final passage; this resolution being adopted pursuant to Section 32552 of the Water Code of the State of California.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 16<sup>th</sup> day of November, 2022, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

---

Craig Elitharp, President  
 Board of Directors  
 Vallecitos Water District

ATTEST:

---

Glenn Pruum, Secretary  
 Board of Directors  
 Vallecitos Water District

EXHIBITS:

Legal Description and Depiction of Property

Legal Description and Depiction of Easement

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)  
Document Transfer Tax: None

---

**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

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**MONTIEL RD., LLC**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled **Montiel Lift Station and Foremain Replacement Project (VWD WO 217904)**, prepared by **Michael Baker International**, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: MONTIEL RD. LLC

Name\*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

**EXHIBIT 'A'**  
**WATER / SEWER EASEMENT**

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021  
MBI JN 176090  
APN 228-360-43 MONTIEL RD. LLC



**LEGEND**



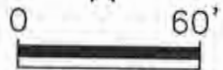
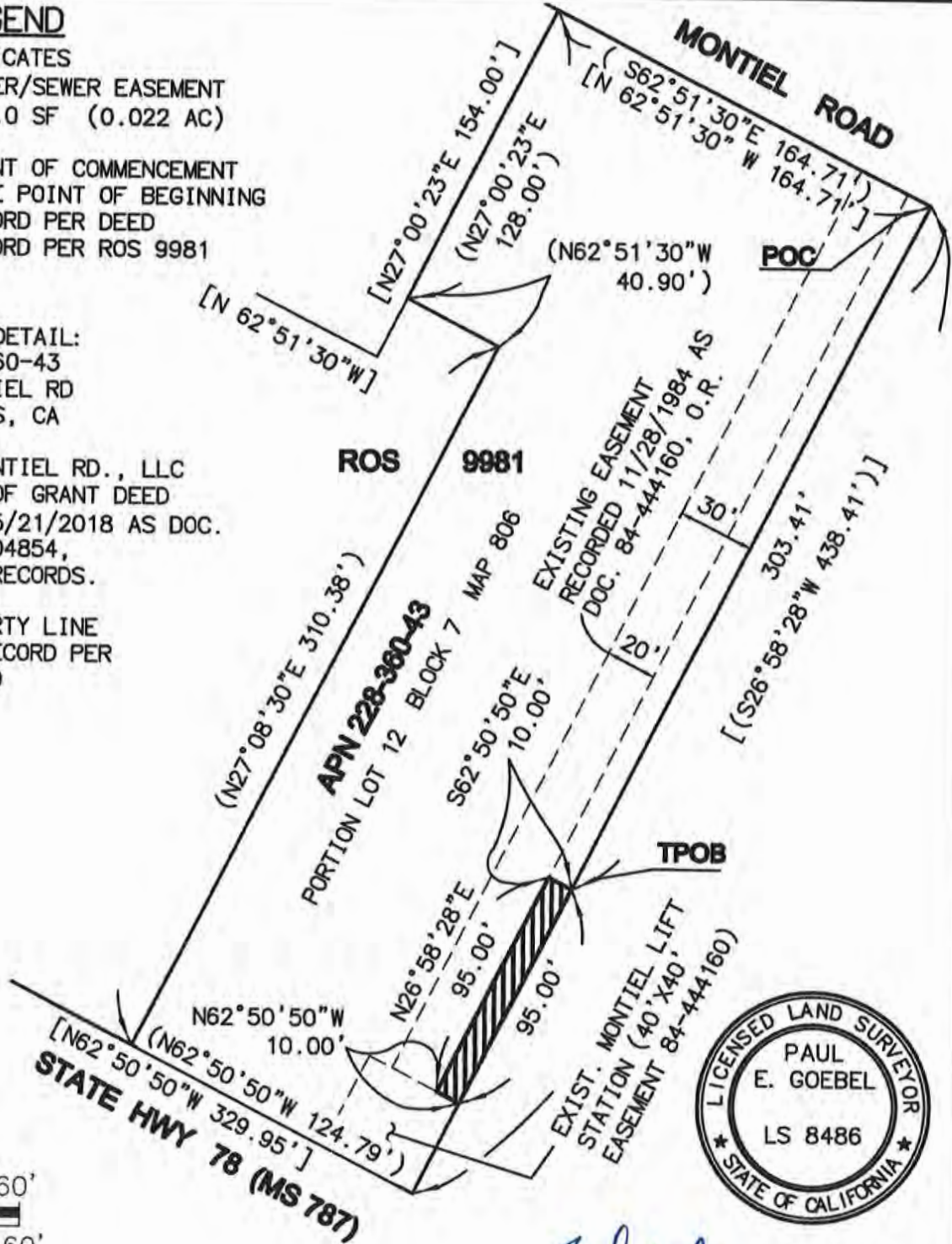
INDICATES  
WATER/SEWER EASEMENT  
950.0 SF (0.022 AC)

**POC** POINT OF COMMENCEMENT  
**TPOB** TRUE POINT OF BEGINNING  
( ) RECORD PER DEED  
[ ] RECORD PER ROS 9981

NOTES:  
PROPERTY DETAIL:  
APN 228-360-43  
2175 MONTIEL RD  
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC  
PARCEL 1 OF GRANT DEED  
RECORDED 5/21/2018 AS DOC.  
NO. 2018-204854,  
OFFICIAL RECORDS.

ALL PROPERTY LINE  
DATA IS RECORD PER  
GRANT DEED



SCALE: 1"=60'



*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43  
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD  
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.  
CITY OF SAN MARCOS  
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
Michael Baker International  
9755 Clairemont Mesa Blvd.,  
San Diego, CA 92124  
(858)614-5000

DATE 10/13/2021 176090

August 4, 2022

VIA FEDERAL EXPRESS

Montiel RD., LLC  
 Attn: Stephen Coles  
 1170 W. Morena Blvd.  
 San Diego, CA 92110

**Subject: OFFER FOR ACQUISITION OF PROPERTY INTERESTS  
 2175 Montiel Road, San Marcos, CA, APN 228-360-43**

Dear Mr. Coles:

My name is Jeff Sykes, and I am the Land Manager at NV5, and we have been retained to acquire easements on behalf of Vallecitos Water District (“District”) for the project described below and other projects.

The Vallecitos Water District is in the process of designing the Montiel Lift Station and Force Main Replacement Project (“Project”). The Project will demolish and replace the Montiel Lift Station that was originally designed and built in 1985 to be a temporary solution pending a new outfall, The anticipated new outfall is not going to be realized. Due to its age which has put it past its design life, and the now permanent nature the lift station, it has been budgeted and scheduled for replacement with larger pumps and new supporting infrastructure. This will add 50 years to the lift station and decrease the chances of a sewage spill in the area. The lift station serves an area of approximately 200 acres east of Nordahl Rd. and until it is replaced no additional sewer connections will be approved in the service area.

Records show that you are the property owner of the above-numbered parcel (see **Exhibit A** attached hereto). The District seeks to acquire permanent easement rights on your property located at 2175 Montiel Road, APN 228-360-43, in San Marcos, California for the Project. A copy of the legal descriptions of the easement and the easement document sought to be acquired are attached as **Exhibit B** to this letter.

Your representative, Ms. Rhea Williams, was previously contacted during the appraisal phase of this project and was offered an opportunity to meet with the VWD’s independent appraiser during the inspection of the property. The appraiser was informed that the appraisal could be done without an onsite meeting with you or your representative.

A market-value appraisal has now been completed. Based on that, and pursuant to California Government Code section 7267.2, the District hereby makes an offer of \$9,000.00 (“Purchase Price”) for the easement. The District had the easement appraised to determine the fair market value. The appraisal was conducted in accordance with commonly accepted appraisal standards and included consideration of the highest and best use of the land. The Purchase Price is the full amount established by the appraisal as the fair market value of the easement and the just compensation for such

acquisition. A written statement of, and a summary of the basis for, the amount established as the Purchase Price is set forth in the attached Appraisal as **Exhibit C**.

The fair market value of the easements:

- a. Is the full amount believed by the District to be just compensation for the easements to be acquired;
- b. Is not less than the approved appraisal of the fair market value of the easements;
- c. Disregards any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation caused by the public improvement for the property which is to be acquired or by the likelihood that the property would be acquired for such public improvement, other than that due to physical deterioration within the reasonable control of the owner or occupant; and
- d. Does not reflect any consideration of or allowance for any relocation assistance and payments or other benefits to which the owner may be entitled to receive under an agreement with the District.

In addition, pursuant to Government Code section 7267.2(a)(2), we have also enclosed an informational pamphlet explaining the eminent domain process (**Exhibit D**). The District has made no decision to exercise its powers of eminent domain and can do so only after it holds a hearing at which all affected property owners have had the opportunity to be heard. The District reserves the right to consider any environmental issues that may pertain to the property.

Pursuant to Code of Civil Procedure section 1263.025, you are entitled to reimbursement from the District for the reasonable costs, not to exceed \$5,000, for an independent appraisal, should you retain an appraiser. In order to receive this reimbursement, the independent appraisal can only be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

It is the District's hope that this offer is acceptable and we can proceed with the purchase of the easement. However, if you are not satisfied with the District's offer of just compensation, you will be given reasonable opportunity to present relevant material, which the District will carefully consider. A response to this offer would be appreciated by **August 25, 2022**.

I have attached the following documents for your review and/or approval:

1. One copy of an Assessor's Parcel Map, site plan showing your parcel. Exhibit A
2. One original and one copy of an Easement which includes the legal description and plat of the easement area, by which you would convey this property interest to VWD. Exhibit B
3. One copy of the Appraisal which is the basis of the amount established as Just Compensation for your information. Exhibit C
4. One original and one copy of the Easement Purchase and Sale Agreement, which establishes terms and conditions primarily related to the payment of compensation for the easement.
5. One copy of a brochure entitled Property Owner's Information Pamphlet on Use of Eminent Domain in California. Exhibit D

July 27, 2022

Page 3

However, please note that it is our desire to reach a settlement without the use of eminent domain. The pamphlet is being provided for information purposes.

6. Request for Taxpayer Identification Number and Certification (W-9).
7. Withholding Exemption Certificate (Form 590).

If you have any question regarding this offer, please contact me at 858-270-7010 or email me at [Jeff.Sykes@NV5.com](mailto:Jeff.Sykes@NV5.com).

Sincerely,

A handwritten signature in black ink that reads "Jeff Sykes" with a horizontal line extending to the right.

Jeff Sykes  
NV5  
Land Manager

Enclosures

# EXHIBIT A

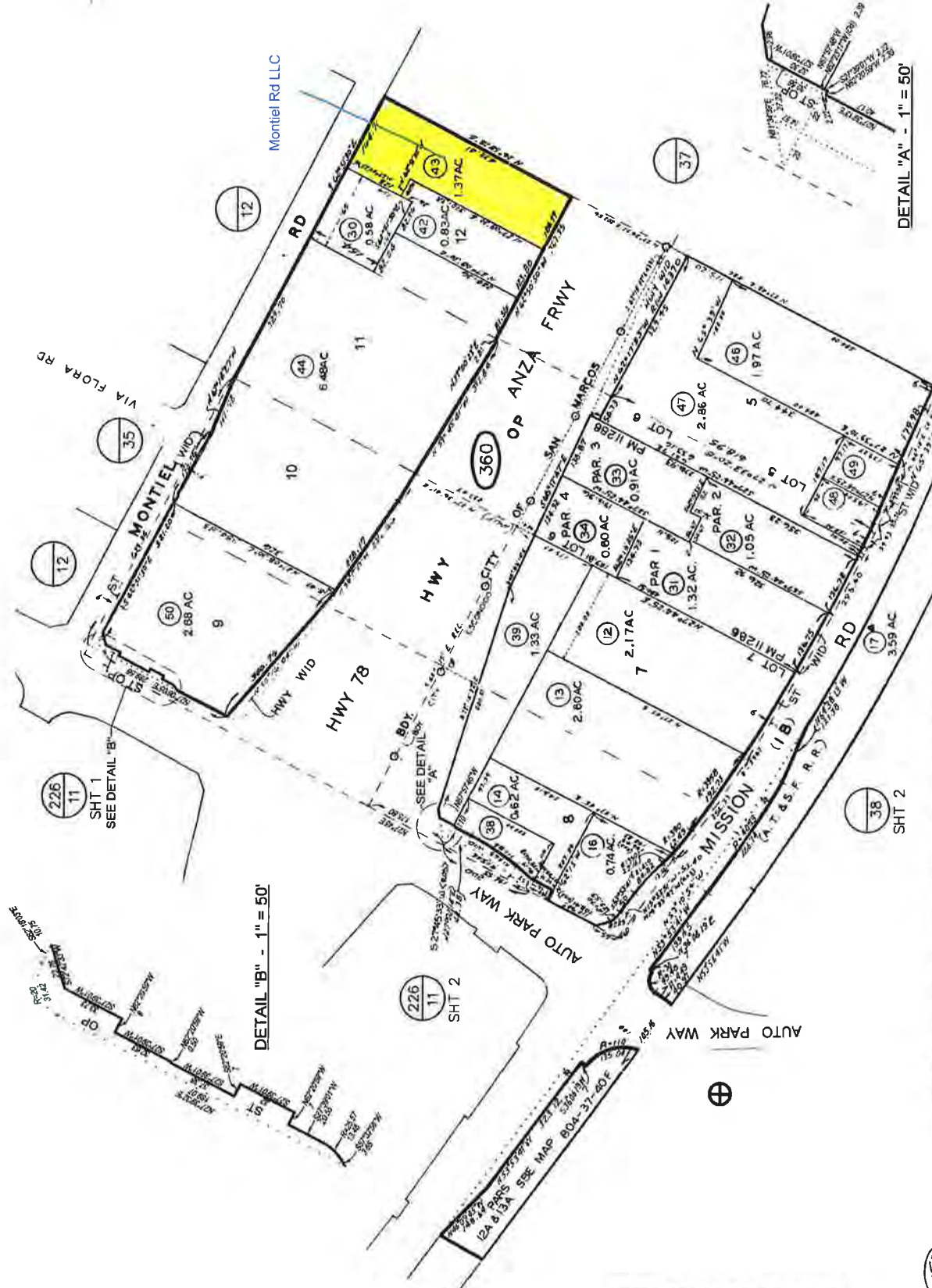


228-36



02/13/12 DEP

| CHANGES | BLK  | OLD | NEW | YR   | CUT      |
|---------|------|-----|-----|------|----------|
|         | 34.0 | 7   | 28  | 7/1  | 6551     |
|         |      | 25  | 29  | 6/30 | 6666     |
|         |      | 12  | 20  | 6/25 | 7913704  |
|         |      | 11  | 31  | 7/9  | 3443     |
|         |      | 11  | 31  | 7/18 | 10706    |
|         |      | 16  | 20  | 6/25 | 16414846 |
|         |      | 13  | 21  | 6/25 | 1854834  |
|         |      | 19  | 20  | 6/25 | 1854756  |
|         |      | 19  | 22  | 6/25 | 1854794  |
|         |      | 19  | 22  | 6/25 | 1851861  |
|         |      | 37  | 37  | 6/25 | 1851855  |
|         |      | 15  | 16  | 6/25 | 1861007  |
|         |      | 18  | 19  | 6/25 | 1861008  |
|         |      | 17  | 17  | 6/25 | 1894493  |
|         |      | 40  | 40  | 6/25 | 1901230  |
|         |      | 40  | 40  | 6/25 | 1901230  |
|         |      | 9   | 9   | 6/25 | 1911652  |
|         |      | 29  | 29  | 6/25 | 1911803  |
|         |      | 10  | 10  | 6/25 | 1912021  |
|         |      | 41  | 41  | 6/25 | 19214809 |
|         |      | 9   | 9   | 6/25 | 1922036  |
|         |      | 39  | 39  | 6/25 | 1924823  |
|         |      | 388 | 388 | 6/25 | 1924826  |
|         |      | 45  | 45  | 6/25 | 1921276  |



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SAN DIEGO COUNTY  
ASSESSOR'S MAP  
BOOK 228 PAGE 36

MAP 806 - RANCHO LOS VALLECITOS DE SAN MARCOS  
FOR BLK 7  
ROS 4803, 9747, 9981, 10980, 11639, 15957

DETAIL "A" - 1" = 50'

DETAIL "B" - 1" = 50'

SHT 1  
SEE DETAIL "B"

SHT 2

SHT 2

Montiel RD LLC

360

226  
11

333

37

35

226  
11

38

12

12

12

12

12

12

12

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

---

**MONTIEL RD., LLC**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

---

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: MONTIEL RD. LLC

Name\*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruijm, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.



**EXHIBIT 'A'**  
**WATER / SEWER EASEMENT**

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE **TRUE POINT OF BEGINNING**.

**CONTAINS:** 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

**SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.**



PAUL E. GOEBEL, PLS 8486 10/13/2021  
MBI JN 176090  
APN 228-360-43 MONTIEL RD. LLC

**LEGEND**



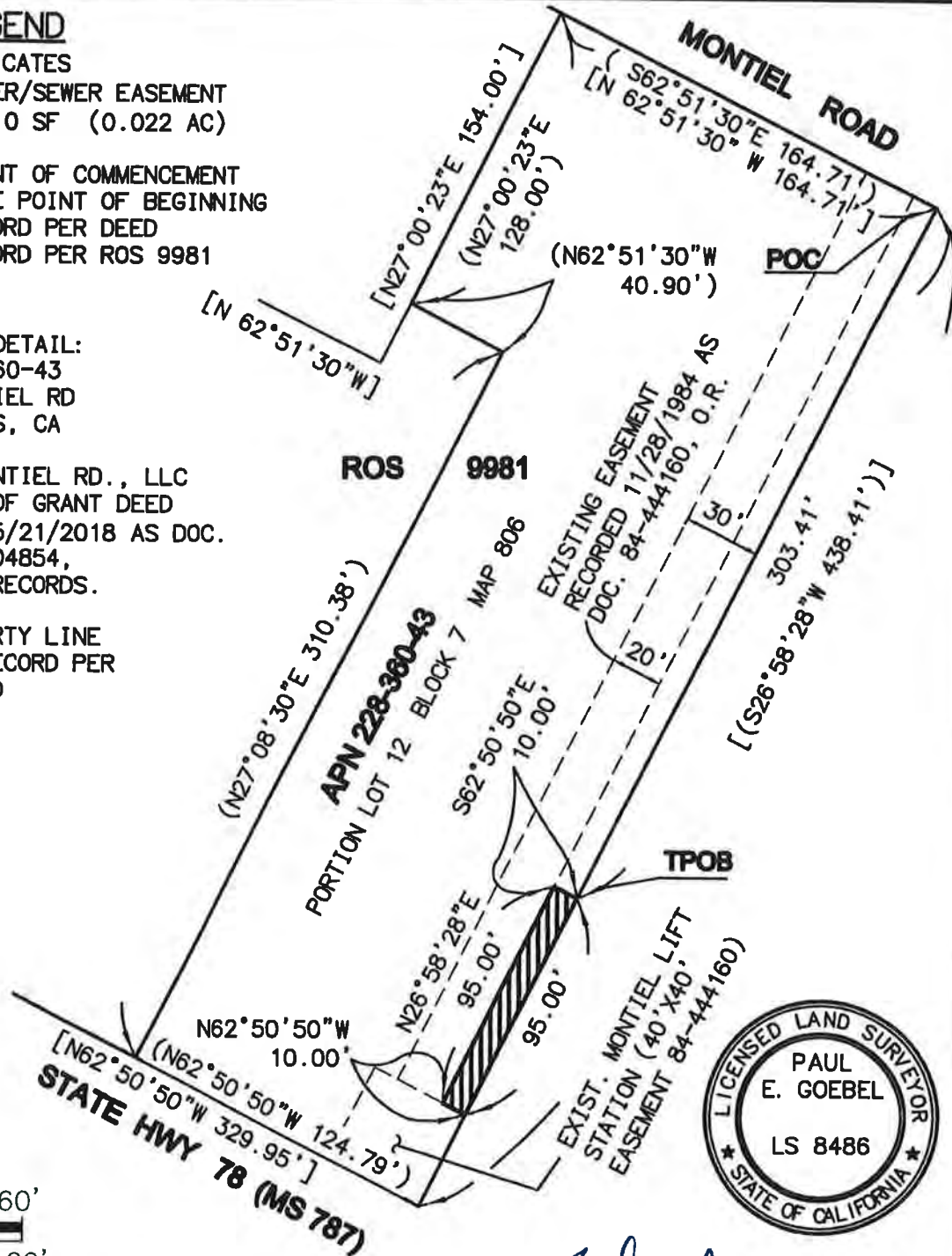
INDICATES  
WATER/SEWER EASEMENT  
950.0 SF (0.022 AC)

**POC** POINT OF COMMENCEMENT  
**TPOB** TRUE POINT OF BEGINNING  
( ) RECORD PER DEED  
[ ] RECORD PER ROS 9981

NOTES:  
PROPERTY DETAIL:  
APN 228-360-43  
2175 MONTIEL RD  
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC  
PARCEL 1 OF GRANT DEED  
RECORDED 5/21/2018 AS DOC.  
NO. 2018-204854,  
OFFICIAL RECORDS.

ALL PROPERTY LINE  
DATA IS RECORD PER  
GRANT DEED



SCALE: 1"=60'



*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43  
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD  
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.  
CITY OF SAN MARCOS  
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
Michael Baker International  
9755 Clairemont Mesa Blvd.,  
San Diego, CA 92124  
(858)614-5000

DATE 10/13/2021 176090

---

**APPRAISAL REPORT**

**PROPOSED PERMANENT  
EASEMENT RIGHTS PERTAINING TO  
IMPROVED 1.37 ACRE SITE**

**2175 MONTIEL ROAD  
SAN MARCOS, CA 92069**

**CLIENT**

Ryan Morgan, P.E.  
Capital Facilities Senior Engineer  
Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, California 92069

**DATE OF VALUATION**

June 7, 2022

**DATE OF REPORT**

June 22, 2022

**APPRAISED BY**

Anderson & Brabant, Inc.  
353 West Ninth Avenue  
Escondido, California 92025

File No. 22-049A

---

**ANDERSON & BRABANT, INC.**

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 705-1615

June 22, 2022

Ryan Morgan, P.E.  
Capital Facilities Senior Engineer  
Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, California 92069

**RE: Appraisal of proposed permanent easement rights  
1.37 acre parcel improved with commercial building  
2175 Montiel Road  
San Marcos, California 92069 (Assessor Parcel Number 228-360-43-00)**

Dear Mr. Morgan:

Per your request, we have conducted an appraisal pertaining to the above-referenced property located at 2175 Montiel Road, San Marcos, California. The site is improved with a commercial building. The specific purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a long and narrow, 950 square foot area at the southeast side of the larger parcel. The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project. As part of the analysis, we have also considered the potential for severance damages and benefits due to the acquisition and project.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The current analysis is based on a valuation date of June 7, 2022.

Ryan Morgan, P.E.  
 Vallecitos Water District  
 June 22, 2022  
 Page 2

In accordance with our analysis of applicable market data, we have arrived at the following opinions of fair market value related to the subject larger parcel and the property rights that are proposed to be acquired, as of the indicated valuation date.

|   |             |                       |
|---|-------------|-----------------------|
| Value of the Identified Larger Parcel (Land Only)                         | \$2,180,000 |                       |
| Value of the Part Taken as Part of the Whole                              |             |                       |
| Permanent Easement Rights   | \$8,669     |                       |
| Site Improvements   | <u>\$0</u>  |                       |
| Total   |             | \$8,669               |
| Value of the Remainder as Part of the Whole                               | \$2,171,331 |                       |
| Value of the Remainder before Considering Benefits                        | \$2,171,331 |                       |
| Severance Damages   | <u>\$0</u>  |                       |
| Value of the Remainder Considering Benefits                               | \$2,171,331 |                       |
| Benefits  | <u>\$0</u>  |                       |
| Net Severance Damages   |             | <u>\$0</u>            |
| Total   |             | \$8,669               |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$9,000</u></b> |

The opinions of value expressed herein are subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.

  
 \_\_\_\_\_  
 David C. Ottley, MAI  
 State Certification No. AG002149

  
 \_\_\_\_\_  
 James Brabant, MAI  
 State Certification No. AG002100

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**ADDENDA**

Aerial Photographs of the Market Data

Preliminary Title Report

Easement Exhibit (Proposed Subject Easement Highlighted in Green)

Qualifications of the Appraisers

**EXECUTIVE SUMMARY**

|                                |  |
|--------------------------------|--|
| <b>Larger Parcel Location:</b> | 2175 Montiel Road<br>San Marcos, California 92069  |
| <b>Legal Description:</b>      | A Portion of Lot 12 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895. |
| <b>Owner of Record:</b>        | Montiel Road, LLC  |
| <b>Assessor Parcel No.:</b>    | 228-360-43-00  |
| <b>Property Description:</b>   | The subject is comprised of a 1.37 acre (59,677 square foot) parcel of land improved with a commercial building. The project will require the acquisition of a permanent easement over a 950 square foot portion of the site.                                    |
| <b>Zoning:</b>                 | SPA, Specific Plan Area<br>City of San Marcos  |
| <b>General Plan:</b>           | SPA, Specific Plan Area<br>City of San Marcos  |
| <b>Specific Plan:</b>          | Commercial, per Montiel Corporate Center Specific Plan<br>City of San Marcos   |
| <b>Flood Zone:</b>             | According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G, dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.  |
| <b>Earthquake Fault Zone:</b>  | No   |
| <b>Toxic Hazards:</b>          | None noted   |
| <b>Interests Appraised:</b>    | Fee and easement rights  |
| <b>Highest and Best Use:</b>   | Commercial development (as if vacant)  |
| <b>Date of Valuation:</b>      | June 7, 2022   |
| <b>Date of Report:</b>         | June 22, 2022  |
| <b>Special Assumptions:</b>    | (see page 3)   |



**EXECUTIVE SUMMARY (continued)**

**FAIR MARKET VALUE CONCLUSIONS:**

|   |             |                       |
|---|-------------|-----------------------|
| Value of the Identified Larger Parcel                                     | \$2,180,000 |                       |
| Value of the Part Taken as Part of the Whole                              |             |                       |
| Permanent Easement Rights   | \$8,669     |                       |
| Site Improvements   | <u>\$0</u>  |                       |
| Total   |             | \$8,669               |
| Value of the Remainder as Part of the Whole                               | \$2,171,331 |                       |
| Value of the Remainder before Considering Benefits                        | \$2,171,331 |                       |
| Severance Damages   | <u>\$0</u>  |                       |
| Value of the Remainder Considering Benefits                               | \$2,171,331 |                       |
| Benefits  | <u>\$0</u>  |                       |
| Net Severance Damages   |             | <u>\$0</u>            |
| Total   |             | \$8,669               |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$9,000</u></b> |

**ASSUMPTIONS AND LIMITING CONDITIONS**

**This appraisal is subject to the following special assumptions and limiting conditions:**

1. It is assumed that the existence of significant cultural resources, if any, discovered within the subject parcel will not create any abnormal hardship nor measurably impact market value in conjunction with our determination of highest and best use.
2. The subject property is developed with a commercial building that, according to public records, was constructed in 1990. For purposes of this appraisal, we have estimated the value of the land segment of the property only as, in our opinion, the value of the remainder parcel will not be impaired as the result of the proposed project and acquisition. As such, the land component of the property is deemed to be the larger parcel in the valuation process.
3. We were provided with a preliminary title report relating to the subject property that was prepared by Corinthian Title Company. The report is dated October 21, 2021, and it can be identified by reference to Order No. 2013699SH. The document identifies several existing easements for utility and access purposes. A plat that illustrates the locations of all the easements except one was not furnished. For purposes of this appraisal, we have assumed that the easements for which the locations are unknown to the appraisers do not impact the value or use of the subject larger parcel in accordance with its estimated highest and best use.
4. The corners of the proposed acquisition parcel were not staked at the time of the property inspection, and the appraisers estimated the corner locations based on provided maps. It is an assumption of this report that the herein described physical features of the proposed acquisition parcel are reasonably accurate.

**This appraisal is subject to the following general assumptions and limiting conditions:**

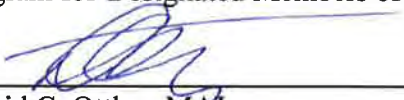
1. It is assumed that information furnished to us by our client, including maps, and legal descriptions, is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in full fee interest, subject to all easements of record, as of the date of valuation unless otherwise specified.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs and maps furnished in this report and prepared by the appraiser or a third party are to assist the reader in visualizing the property. No surveys of the property have been made and no responsibility has been assumed in this matter.
5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent the continued use of the property or orderly development of the land as though vacant to its highest and best use under economically feasible conditions.
6. For purposes of this appraisal, it is assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which might be required to discover such factors.

7. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property.  
Our value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Our descriptions and resulting comments are the result of the routine observations made during the appraisal process.
8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may be used for any purpose or by any person other than the party to whom it is addressed without the written consent of Anderson and Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.
9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson and Brabant, Inc.
10. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.
11. The valuation estimate is of surface rights only and the mineral rights, if any, have been disregarded.
12. No warranty is made as to the seismic stability of the subject property.
13. It is assumed that all required licenses, or other legislative or administrative permits from any local, state, or national governmental or private entity or organization can be obtained for any use on which the value estimate contained in this report is based.

**APPRAISER'S SIGNED CERTIFICATION**

**I do hereby certify that, to the best of my knowledge and belief ...**


1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

  
\_\_\_\_\_  
David C. Ottley, MAI  
Certified General Real Estate Appraiser  
BREA Appraiser No. AG002149

**APPRAISER'S SIGNED CERTIFICATION**

**I do hereby certify that, to the best of my knowledge and belief ...**

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
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James Brabant, MAI  
Certified General Real Estate Appraiser  
BREA Appraiser No. AG002100

## INTRODUCTION

### IDENTIFICATION OF THE LARGER PARCEL

The subject is comprised of a 1.37 acre parcel of land improved with a commercial building that, according to public records, was built in 1990. The property address is 2175 Montiel Road, San Marcos, California. The purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a portion of the larger parcel. It appears that the acquisition and project will not preclude the continued use of the property as now developed. As such, the larger parcel is deemed to be only the land component of the subject. Thus, we have disregarded the contributory value of the existing structural improvements in the valuation process.

### Legal Description

The subject larger parcel is legally described in brief as *A Portion of Lot 12 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.* A complete legal description is also set forth in a preliminary title report that is included in the addenda to this report. Additionally, the larger parcel can be identified by reference to Assessor Parcel Number 228-360-43-00.

### Ownership

As of the date of value, title to the subject property is held as follows: **MONTIEL ROAD, LLC.**

### PURPOSE OF THE ASSIGNMENT

The purpose of this appraisal is to provide an estimate of fair market value for the defined subject larger parcel and to form an opinion as to the value of the easement interest that is proposed for acquisition. As part of the valuation process, we also considered severance damages or benefits, if any, resulting from the acquisition and construction of the project as proposed. As used in this report, **Fair Market Value** is defined as follows:

“(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other will full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable”<sup>1</sup>

---

<sup>1</sup> California Code of Civil Procedure, Title 7, Sec. 1263.320

**EFFECTIVE DATE OF VALUE OPINIONS**

The effective date of the value opinions expressed herein is June 7, 2022.

**DATE OF REPORT**

This date of the appraisal report is June 22, 2022.

**INTENDED USE AND USER**

The intended use of this report is to provide a basis for the client, Vallecitos Water District, to acquire the herein described easement rights. Any other party who may receive this report is not an intended user, and we are not responsible for unauthorized use of this report.

**PROPERTY RIGHTS APPRAISED**

We have estimated the fair market value of the fee interest in the herein described larger parcel, subject to any easements of record. The results were used as the basis for estimating the value of a proposed permanent easement over the parcel. An easement interest is defined as follows.

**Easement:** “The right to use another’s land for a stated purpose.”<sup>2</sup>

**GENERAL DEFINITIONS**

**Larger Parcel:** In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.<sup>3</sup>

**Remainder:** In condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.<sup>4</sup>

**Damages:** In condemnation, the loss in value to the remainder in a partial taking of property.<sup>5</sup>

**Benefits:** In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken.<sup>6</sup>

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<sup>2</sup> *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> ed. (Chicago: Appraisal Institute, 2022), p. 58

<sup>3</sup> *Ibid.*, p. 105

<sup>4</sup> *Ibid.*, p. 161

<sup>5</sup> *Ibid.*, p. 48

<sup>6</sup> *Ibid.*, p. 17

### **EXTRAORDINARY ASSUMPTIONS**

An extraordinary assumption is defined as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraisers' opinions or conclusions. No extraordinary assumptions were considered in this analysis; nevertheless, this appraisal is subject to certain special and general assumptions as outlined on pages 3 and 4 of this report.

### **HYPOTHETICAL CONDITIONS**

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. In our valuation of the larger parcel we have disregarded any project influence as stated below. We have also assumed that the proposed project has been completed in our analysis of the remainder. These are hypothetical conditions that are necessary for reasonable analysis. No other hypothetical conditions were considered in our analysis.

### **PROJECT INFLUENCE**

Our conclusions of fair market value stated in this appraisal do not consider any project influence. The term **Project Influence** as used in this report is defined as follows:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- (a) The project for which the property is taken;
- (b) The eminent domain proceeding in which the property is taken; or
- (c) Any preliminary actions of the plaintiff relating to the taking of the property.

### **SCOPE OF WORK**

Critical elements to this appraisal assignment are the identification of the client(s), intended use and user(s), type and definition of value, the effective date of the appraisal, and assignment conditions. These were addressed previously in this report. Another important element is to include relevant characteristics pertaining to the subject property, which are outlined in detail in a later section of the appraisal.

In preparing this appraisal, the following steps were taken.

- Legal aspects of the subject property were investigated regarding their potential uses within the context of the surrounding area. As such, we reviewed portions of the City of San Marcos land use summaries and requirements.
- We have relied upon information and exhibits provided by the client that identify the property rights that are proposed for acquisition over the subject larger parcel. We also reviewed a preliminary title report, easement plat, and other documents.
- The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.



- The three traditional approaches to value include the Cost, Sales Comparison, and Income Approaches. Of these three, only the Sales Comparison was considered to have specific applicability in the valuation of the subject property. Upon determination of highest and best use, reliable market data were analyzed on the basis of their overall degree of comparability to the appraised property.
- A detailed search of the primary market area of the subject was performed in order collect relevant sales. Sources of data included the County Recorder's office and various market data services. These data were confirmed with principals, their representatives, or agents.
- We first estimated the value of the defined larger parcel, and the results of the analysis were then employed to estimate the value of the property rights that are proposed for acquisition.
- The final step entailed the organization and drafting of the Appraisal Report.

### **REPORT OPTION**

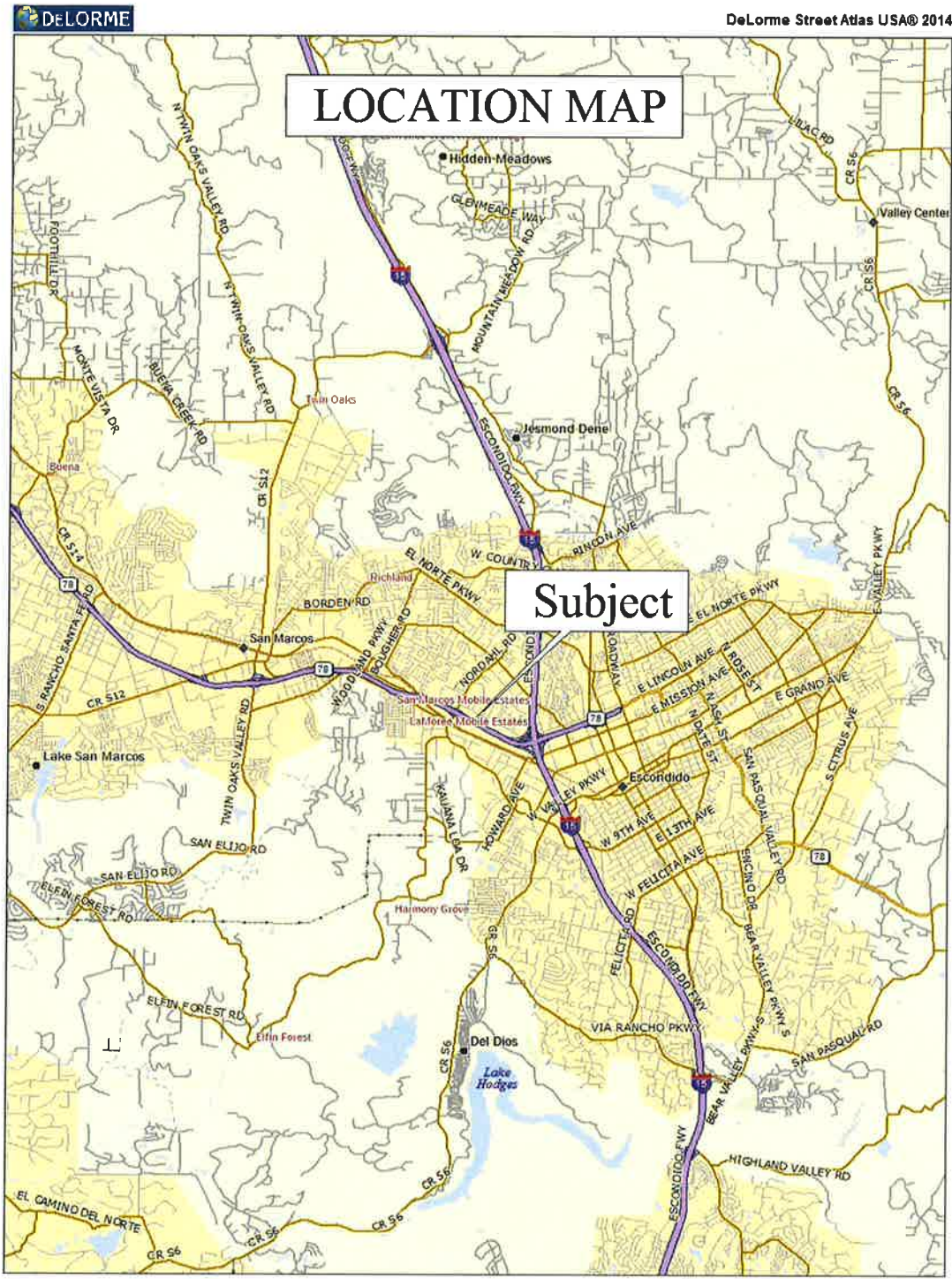
This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). It presents summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinions of value.

### **SALES HISTORY OF THE SUBJECT PROPERTY**

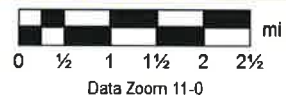
According to public records, the subject property was has been held in title by the current ownership for more than 20 years. Also, the property is not currently offered for sale.

### **PRIOR APPRAISAL SERVICES**

We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.



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## **LOCATION DESCRIPTION**

### **Region**

The subject property is located in the City of San Marcos in North San Diego County, California. San Diego County is the second largest county in the State of California based on population which, as of January 1, 2022, was estimated by the California Department of Finance Demographic Research Unit at 3,387,306 persons. This reflects a slight decrease from the January 1, 2021 total of 3,388,503. The County includes the State's second most populous city and offers such geographic features as mountainous regions of the Cleveland National Forest, the Anza Borrego Desert, the International Border with Mexico, and over 50 miles of Pacific Ocean coastline. Most of the county's population is located along the coastal region, inland valleys, and foothills, within approximately 25 to 30 miles of the ocean.

On a regional basis, San Diego County is served by three major freeways. These include Interstate 5, a coastal route connecting San Diego with Baja California to the south and the states of California, Oregon, and Washington to the north; Interstate 8, a major east-west route connecting San Diego with Arizona and other southwestern states to the east; and Interstate 15, an inland route connecting San Diego with Riverside and San Bernardino Counties and other points to the northeast. There are several important local freeways that provide access within the region. These include Interstate 805 that runs inland from and parallel to Interstate 5; State Route 94, parallel to Interstate 8; State Route 163, connecting Interstate 15 with Downtown San Diego; and State Route 78, the major east-west freeway in northern San Diego County.

San Diego International Airport (Lindbergh Field) is located about 40 miles to the south of the subject and is close to Downtown San Diego. This airport is serviced by 18 commercial airlines and four scheduled air-freight services. There are an additional eight small public airports located throughout the county. There is little commercial air activity at these facilities. Rail service is provided by San Diego and Arizona Eastern Railroad, Santa Fe Railroad, and Amtrak. Industrial/commercial use of the rail lines for freight carriage has declined in San Diego over the past 15+ years. However, the Amtrak line between San Diego and Los Angeles is popular with commuters. The San Diego Trolley (light rail transit system) has opened several commuter routes in the southern and eastern portions of San Diego County that have proven very popular. Individual transit districts throughout the county provide local bus service.

An important factor needs to be addressed that has impacted national, state, and local economic conditions, at least over the short-term. The outbreak of the coronavirus in China in December 2019 and January 2020 spread as a worldwide pandemic and severely impacted the United States, including the State of California. The term "social distancing" became familiar to everyone, and the wearing of face covering masks became common. As a result of the pandemic, many industries were hit hard with some severely impacted including, among others, entertainment, travel, lodging, restaurants, and other types of retail businesses. Millions of employees in the country lost their jobs, much of which can be attributed to businesses being forced to close to comply with social distancing restrictions. The Federal Reserve stepped up in an attempt to offset the economic impact of the virus that began with an emergency half-percentage-point rate cut in early March 2020, and the government later approved stimulus bills into law aimed at relieving workers and businesses hurt by the pandemic. It is clear that the short-term impact of the virus on the economy has been very significant, yet there is little data on

how it will be impacted over time. It should be noted that the unemployment rate appears to be steadily improving over the past 12+ month period. As for real estate, there is limited empirical evidence of an immediate impact on the local market for vacant parcels with the subject characteristics, and it remains to be seen what the long-term impacts might be for that market.

More recently, there have been several other factors that have come into play that, although they may not have had an immediate impact, could affect the market in the future. These include a volatile stock market, high inflation rates, supply chain shortages, and a reduction in the labor market. Although incomes, in general, have increased over the past year or so, the increase has not kept pace with rising prices of real estate, fuel, and general goods and services. In an effort to curb inflation, which has been the highest in nearly 40 years, the Federal Reserve has raised interest rates twice since the beginning of 2022, with additional increases anticipated. The readers of this appraisal are cautioned and reminded that the value conclusions presented herein apply only as of the effective valuation date. The appraisers make no representation as to any impacts on the subject property that could result due to any unforeseen events subsequent to the date of value.

### **Community and Neighborhood**

The City of San Marcos is located about 30 miles north of Downtown San Diego, 95 miles south of Los Angeles, and approximately ten miles inland from the Pacific coast. The City was incorporated in January 1963, and the corporate boundaries currently encompass an area of about 24 square miles, with an additional eight square miles of land area located within the city's sphere of influence. The City is situated along the State Highway 78 freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the county to the north and south. The population of the City as of January 2022 was 93,585, which represents a 0.7 percent increase from the reported population of 92,958 one year earlier.

Primary access to San Marcos is provided by State Highway 78 which is a major transportation corridor that extends in a general east/west direction between Escondido and Interstate 15 to the east and Oceanside and Interstate 5 to the west. This is one of the few major transportation corridors linking the coastal areas to inland North San Diego County. San Marcos can be accessed at various points along the highway including Nordahl Road, Barham Drive, Woodland Parkway, Twin Oaks Valley Road, San Marcos Boulevard, Las Posas Road, and Rancho Santa Fe Road. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community. The most significant and intense shopping facilities in San Marcos are near State Highway 78 at San Marcos Boulevard and Las Posas Road toward the center of the City corporate limits, and at the far easterly extreme of the City off the north side of Highway 78 at Nordahl Road, the location of the subject property. Specifically, the subject is situated between Montiel Road on its northeast side and Highway 78 to the southwest. The area to the north is an older, established residential neighborhood, and a mix of primary and secondary commercial uses are on the subject side of Montiel Road along with some older residential uses. The Highway 78 and Nordahl Road interchange is within one-quarter mile to the west. At the northwest quadrant of that freeway interchange is the Nordahl Marketplace neighborhood shopping center that is anchored by Walmart and Kohl's. Costco is just to the west of the commercial center. The adjoining property to the immediate southeast of the subject is planned for development with a new hotel.

**AERIAL PHOTOGRAPH OF THE SUBJECT LARGER PARCEL**



**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



Looking southwesterly over the subject larger parcel from the drive entrance to the site on the south side of Montiel Road.



View to the southeast along Montiel Road with the subject larger parcel visible at the right.

**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



Viewing southwesterly over the subject larger parcel from near the northeasterly property corner.



Looking northwesterly toward the southernmost side of the subject larger parcel from near the southeasterly property corner.

**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



View to the northeast from the sewer lift station toward the location of the proposed easement.



Looking northeasterly along the southeast side of the subject larger parcel and toward the location of the proposed easement parcel.





**DESCRIPTION OF THE LARGER PARCEL**

**LAND DESCRIPTION**

**Land Area/Shape**

The subject larger parcel is 1.37 acres (59,677 square feet) in size, according to County of San Diego Assessor records. As can be seen on the plat on page 18, the site is slightly irregular in configuration.

**Topography/Drainage**

The subject larger parcel is mostly comprised of a level, finish graded site with slope banks on portions of the property perimeter. We did not detect any evidence of site drainage concerns.

**Soils/Environmental Conditions**

We were not furnished with any recently prepared studies relating to subsurface soil conditions associated with the subject property. As part of this appraisal analysis, we have assumed that soil conditions are adequate to allow legally permitted uses of the property in accordance with its estimated highest and best use.

**Utilities**

All public utilities are available to the subject larger parcel. These include water, sewer, electrical power, natural gas, and cable.

**Streets**

The appraised larger parcel directly fronts on the south side of Montiel Road, an asphalt paved, two lane public street with concrete curbing and sidewalks on the subject side of the street.

**Land Use**

The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Montiel Corporate Center Specific Plan and is set aside for commercial use.

**Flood Zone**

According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.

**Earthquake Zone**

The subject property is not within an Earthquake Fault Zone as designated by the California State Division of Mines and Geology. However, the property is located in an area that is prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

**Easements/Encumbrances**

We were provided with a preliminary title report relating to the subject property that was prepared by Corinthian Title Company. The report is dated October 21, 2021, and it can be identified by reference to Order No. 2013699SH. The document identifies several existing easements for utility and access purposes. No plat was furnished that illustrates the locations of the easements except one near the southeast boundary of the larger parcel. As can be seen on the plat on page 21, the majority of that existing easement is 20 feet wide and set back 10 feet from the property line, and includes a 40 foot by 40 foot area at the far southerly corner of the lot. The easement is for utility purposes, including the use of the 40 foot by 40 foot area for a sewer lift station. No structures or trees are allowed within the boundaries of this easement. For purposes of this appraisal, we have assumed that the easements set forth in the title report for which the locations are unknown to the appraisers do not impact the value or use of the subject larger parcel in accordance with its estimated highest and best use.

**DESCRIPTION OF THE IMPROVEMENTS**

The subject is improved with a 15,878 square foot commercial building that, according to public records, was built in 1990. The improvements will not be impacted due to the acquisitions and project. As such, the larger parcel is deemed to be the land component of the subject property only. Thus, we have disregarded the contributory value of the existing structural improvements in the valuation process.

**ASSESSMENT DATA**

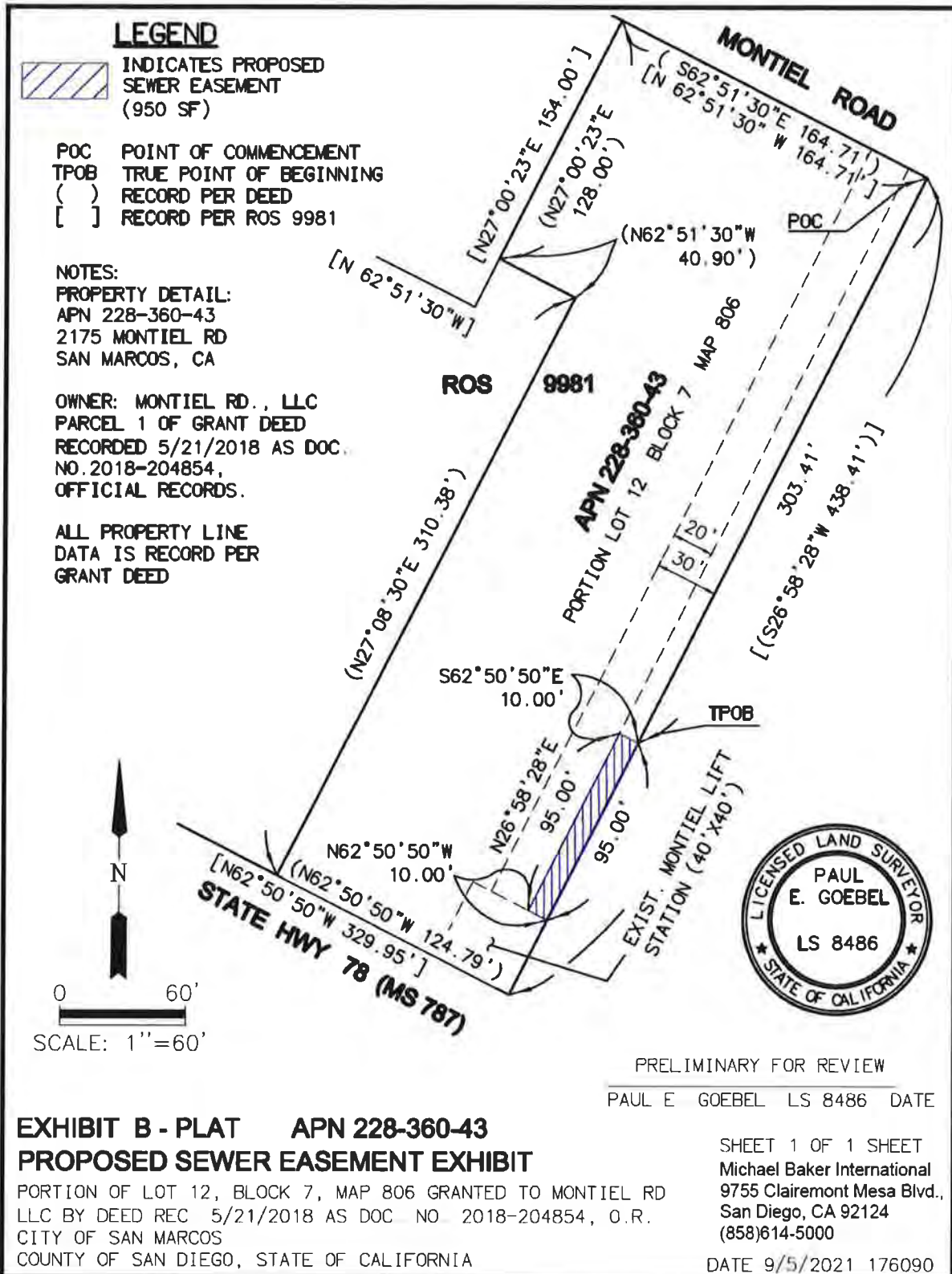
| Assessor<br>Parcel No | Tax Rate<br>Area | ASSESSED VALUES |              |             | 2021/2022<br>Taxes |
|-----------------------|------------------|-----------------|--------------|-------------|--------------------|
|                       |                  | Land            | Improvements | Total       |                    |
| 228-360-43-00         | 13106            | \$1,228,078     | \$928,222    | \$2,156,300 | \$24,254.88        |

**PROJECT DESCRIPTION**

The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site.

**DESCRIPTION OF THE PARCEL TO BE ACQUIRED**

The acquisition includes a proposed permanent easement for sewer and water lines and related improvements over a 10 foot by 95 foot strip of land covering 950 square feet at the southeast side of the larger parcel, as shown on the plat on page 21. The boundaries of the easement area were not marked, but it appears that at least a portion of the area to be encumbered is within a slope bank. As part of the analysis, we have considered the potential for severance damages and benefits due to the acquisition and project construction.



**DESCRIPTION OF THE REMAINDER PARCEL**

The gross area of the subject larger parcel will be unchanged as the result of the project and permanent acquisition. However, the fee owner will relinquish some rights of use over the area to be encumbered with the permanent easement.

**OWNER CONTACT AND PROPERTY INSPECTION**

On June 9, 2022, we contacted a representative of the property ownership by telephone regarding the need to conduct an appraisal. We were instructed by the party to specifically communicate with Ms. Rhea Williams regarding the proposed project. After leaving multiple messages, David Ottley of Anderson and Brabant, Inc. received a return call from Ms. Williams on June 21, 2022. The appraisal process was discussed at that time, and an invitation to meet with the appraisers onsite was extended. Ms. Williams was informed that the property had already been inspected by the appraisers on multiple dates in June 2022, and indicated that it was acceptable to move forward without being accompanied by a representative of the ownership. Please note that Mr. Ottley took photographs of the site on June 7, 2022.

## VALUATION

### HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. Highest and Best Use is defined in *The Appraisal of Real Estate* as:

“The reasonably probable use of property that results in the highest value.”<sup>7</sup>

The concept of highest and best use addresses the question of legally permissible, physically possible, and financially feasible uses that reflect the degree of profitability. Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

The subject is improved with a commercial building that, according to public records, was built in 1990. The improvements will not be impacted due to the acquisitions and project. As such, the larger parcel is deemed to be the land component of the subject property only.

**Legally Permissible:** The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Montiel Corporate Center Specific Plan and is set aside for commercial use.

**Physically Possible:** The subject larger parcel is comprised of a mostly level, finish graded, 1.37 acre parcel of land that is slightly irregular in configuration. All public utilities are immediately available and connected to the parcel, and it fronts on an improved public roadway. Development of the site as if vacant is not limited to any notable degree by its physical features.

**Financially Feasible:** The issue of economic viability primarily focuses on supply and demand characteristics of the local marketplace as it relates to land suitable for commercial development. In general, any proposed use that supports a positive land value is considered financially feasible. We have determined that development of the subject (as if vacant) with a commercial use represents the most financially feasible use of the land.

**Conclusion:** In accordance with the observed characteristics of the subject, it is our opinion that the highest and best use of the property as if vacant is a commercial venture that aligns with the underlying land use criteria and existing development in the immediate area. Also, the existing commercial building improvements are substantial and clearly contribute to the overall value of the property. Thus, it is our opinion that the existing development represents the current highest and best use of the property, as improved.

### VALUATION METHODOLOGY

Of the three common valuation techniques, only the Sales Comparison Approach was considered to be pertinent in the analysis of the defined subject larger parcel. Neither the Cost Approach nor Income Approach was considered applicable or useful in the valuation process. The Sales Comparison Approach relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. Sales of similar

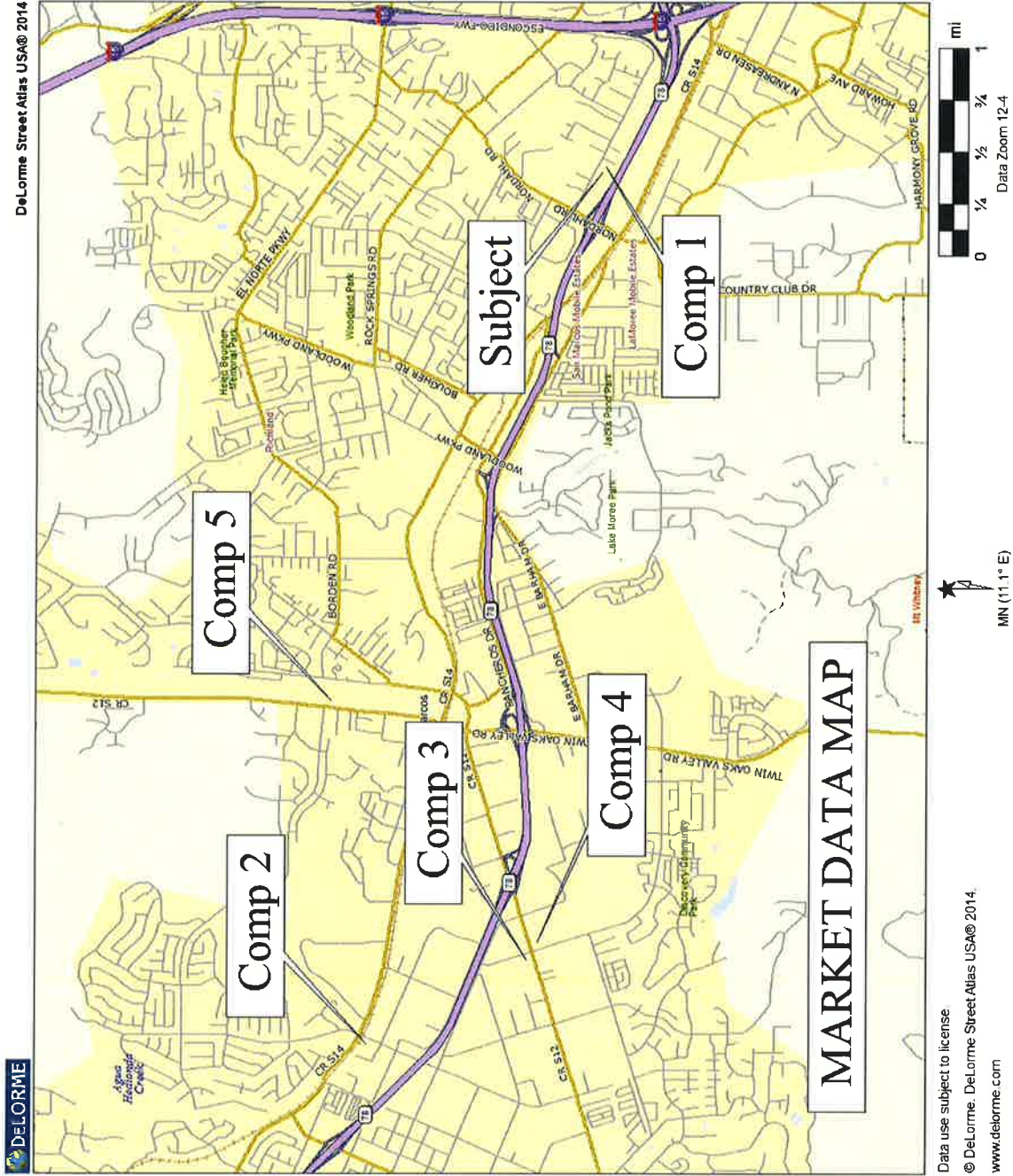
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<sup>7</sup> *The Appraisal of Real Estate*, 15<sup>th</sup> ed. (Chicago: Appraisal Institute, 2020), p. 305

properties are analyzed based on direct comparison with the subject to arrive at an indication of value. The results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.

**SALES COMPARISON APPROACH – LARGER PARCEL**

After carefully investigating the marketplace, we selected five items of market data for purposes of analysis. The sales occurred between May 2019 and April 2022, and they are considered to be the best available data to properly analyze the value of the subject larger parcel by the Sales Comparison Approach. The five selected items of data are summarized on a grid on page 26, and a data location map is on page 25. The summary of market data is followed by a discussion of the comparables and a grid that illustrates the adjustments made for relative differences between the subject and those properties. The unit of comparison is the price per square foot of land area. Aerial photographs of the comparables are included in the addenda to this report.





| Summary of Market Data |  |   |   |   |   |
|------------------------|--|---|---|---|---|
| Comp No                | 1  | 2   | 3   | 4   | 5   |
| Location               | 643-661 Leora Ln<br>San Marcos   | 200 N Las Posas Rd<br>San Marcos  | 1284 W San Marcos Blvd<br>San Marcos                                    | SEC W San Marcos Blvd<br>& S Bent Ave<br>San Marcos   | SEC N Twin Oaks Valley Rd<br>& Borden Rd<br>San Marcos  |
| APN's                  | 228-370-01 to 04 & 38  | 219-122-03  | 219-331-46  | 219-270-60  | 220-050-09  |
| Sale Date              | Sep-21   | Apr-22  | Nov-19  | May-19  | Jul-19  |
| Doc No                 | 621100   | 166896  | 553069  | 198313  | 296107  |
| Buyer                  | San Marcos Hospitality LLC   | San Marcos Realty LLC   | Patriot San Marcos LLC  | Pinter  | M5 Twin Oaks LLC  |
| Seller                 | JR Legacy II LLC   | Schreiber Trust   | LND LLC   | Berger Family Trust   | The Namou Group LLC   |
| Land Area (SF)         | 72,343   | 71,874  | 37,026  | 23,958  | 88,862  |
| Zone                   | SPA<br>City of San Marcos  | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   |
| General Plan           | SPA (Commercial)<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   |
| Topography             | Level to gently sloping  | Level   | Level   | Level   | Level to gently sloping   |
| Access                 | Paved street frontage  | Paved street frontage   | Paved street frontage   | Paved street frontage   | Paved street frontage   |
| Utilities              | All available  | All available   | All available   | All available   | All available   |
| Improvements           | None   | None  | None  | None  | None  |
| Sale Price             | \$2,400,000  | \$1,900,000   | \$1,500,000   | \$1,100,000   | \$1,700,000   |
| Sale Terms             | All cash to seller   | All cash to seller  | All cash to seller  | All cash to seller  | All cash to seller  |
| Price/SF               | \$33.18  | \$26.44   | \$40.51   | \$45.91   | \$19.13   |
| Comments               | Conveyed with plans for hotel with conditions of approval requiring undergrounding of utilities. | Separated from corner of signalized intersection by railway. Mixed-use designated site planned for development with convenience store, gas station, and car wash. | Corner of signalized intersection. Since developed with commercial use. | Corner of signalized intersection. Purchased by investor with plans for a ground lease or build-to-suit project to a national tenant. | Corner of signalized intersection. Entirely within 100 year floodplain. The site conveyed from the City of San Marcos for \$1,217,000 and immediately spun off to another buyer for the indicated price of \$1,700,000. |

**Discussion of the Data**

**Comparable No. 1** relates to the September 2021 purchase of the vacant parcel that adjoins the subject on its southeast side. This is a mostly gently sloping parcel encompassing 72,343 square feet (1.66 acres) at the corner of Montiel Road and Leora Lane, with an address of 643 to 661 Leora Lane. Sale 1 is a commercially zoned site that conveyed with plans for a new hotel, a use that would require the undergrounding of utilities as a condition of approval. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what was previously approved. The property sold at a price of \$2,400,000 or \$33.18 per square foot of land area, all cash to the seller. When compared with the subject, Comparable No. 1 is inferior for site condition and for requiring the undergrounding of utilities prior to development.

**Comparable No. 2** is the April 2022 sale of a level, 71,874 square foot (1.65 acre) parcel designated for mixed-use (commercial and residential) development located five+ miles to the northwest of the subject in San Marcos at 200 North Las Posas Road. A railway runs along the north side of the site, which is near Palomar Community College. The property is planned for development with a convenience store, gas station, and car wash. It conveyed at a price of \$1,900,000 or \$26.44 per square foot of land area, all cash to the seller. Sale 2 is inferior to the subject for location.

**Comparable No. 3** is the November 2019 sale of a level, 37,026 square foot (0.85 acre) commercial parcel located less than four miles to the west of the subject in San Marcos at the northwest corner of West San Marcos Boulevard and Bent Avenue (address of 1284 West San Marcos Boulevard). This site is situated at the corner of a busy, signalized intersection. Since the purchase, the parcel has been improved with a commercial use. The sale price was \$1,500,000 or \$40.51 per square foot of land area, and the seller was cashed out in the transaction. When compared with the subject, Sale 1 is a smaller property that is superior for location and commercial exposure. We also applied an upward adjustment to reflect changes in market conditions between the sale date and the date of value.

**Comparable No. 4** involves a 23,958 square foot (0.55 acre), level, commercial site situated on the corner opposite to Sale 3 in San Marcos. The parcel sold in May 2019 for \$1,100,000 or \$45.91 per square foot of land area, all cash to the seller. It was acquired by an investor with plans to lease the ground or for a build-to-suit project leased to a national tenant. By comparison with the subject, Sale 4 is a smaller site that is considered to be superior for location and commercial exposure. An upward adjustment was made for the 2019 sale date.

**Comparable No. 5** is the July 2019 sale of a 88,862 (2.04 acre), level to gently sloping commercial site located in San Marcos at the southeast corner of the signalized intersection of North Twin Oaks Valley Road and Borden Road, less than three miles to the northwest of the appraised property. The parcel is entirely within a 100 year floodplain. It conveyed from the City of San Marcos for \$1,217,000, and was immediately resold to another buyer (Sale 5) for \$1,700,000 or \$19.13 per square foot, all cash to the seller. The intended use was not disclosed. When compared with the subject, Sale 5 is inferior for location and site condition.

**Analysis of the Data and Conclusion of Value**

The discussed market data have been analyzed based on our conclusion of highest and best use for the subject land, as if vacant. The elements of comparison that were considered in the Sales Comparison Analysis include property rights conveyed, financing terms, conditions of sale, market conditions, location, access, site condition (ie: topography, configuration, and usability), parcel size, land uses, and availability of public utilities. No adjustments were necessary for property rights conveyed or conditions of sale. Financing was not a factor for any of the sales considered in this analysis as the sellers were cashed in all of the transactions. We found insufficient data to suggest price increases of significance within the approximate two year period preceding the date of value during which time Sales 1 and 2 occurred. However, based on various data sources, market prices were rising at a rate of at least three percent and as much as six percent annually between mid-2019 and mid-2020 when Comparables 3 through 5 conveyed. Adjustments were applied to the data to account for this factor. Regarding parcel size, smaller sites tend to attract a greater per square foot price than larger parcels that are otherwise similar. This is due, in part, to the greater number of potential buyers of those properties that have a lower overall cost. In this instance, it is noted that we found no support for quantifiable adjustments due to size differences between the subject (a 59,677 square foot site) and Sales 1, 2, and 5, which range in size from 71,874 and 88,862 square feet. Downward adjustments were applied to the other two items of data, which are smaller at 23,958 to 37,026 square feet in size.

The following is a summary of adjustments made to the comparables that reflect noted differences between those properties and the subject larger parcel.

|                                       |                              |          |          |          |          |          |
|---------------------------------------|------------------------------|----------|----------|----------|----------|----------|
| <b>Land Sale Data Adjustment Grid</b> | <b>Comp No</b>               | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|                                       | <b>Price/SF</b>              | \$33.18  | \$26.44  | \$40.51  | \$45.91  | \$19.13  |
|                                       | <b>Property Rights</b>       | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                                       | <b>Financing</b>             | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                                       | <b>Conditions of Sale</b>    | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                                       | <b>Market Conditions</b>     | 0.0%     | 0.0%     | 4.0%     | 7.0%     | 6.0%     |
|                                       | <b>Net Adjustment</b>        | 0.0%     | 0.0%     | 4.0%     | 7.0%     | 6.0%     |
|                                       | <b>Adjusted Value/SF</b>     | \$33.18  | \$26.44  | \$42.13  | \$49.13  | \$20.28  |
|                                       | <b>Location/Access</b>       | 0.0%     | 15.0%    | -15.0%   | -15.0%   | 25.0%    |
|                                       | <b>Topo/Usability/Config</b> | 5.0%     | 0.0%     | 0.0%     | 0.0%     | 50.0%    |
|                                       | <b>Parcel Size</b>           | 0.0%     | 0.0%     | -5.0%    | -10.0%   | 0.0%     |
|                                       | <b>Land Use</b>              | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                                       | <b>Utilities</b>             | 5.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                                       | <b>Net Adjustment</b>        | 10.0%    | 15.0%    | -20.0%   | -25.0%   | 75.0%    |
|                                       | <b>Indicated Value/SF</b>    | \$36.49  | \$30.40  | \$33.71  | \$36.85  | \$35.49  |

Prior to adjustments, the market data reflected unit prices ranging from \$19.13 to \$45.91 per square foot. After adjusting the data for relative differences, the properties support a value range for the subject larger parcel of \$30.40 to \$36.85 per square foot. The median indicated

value is \$35.49 per square foot. Greatest weight was placed on the value suggested by Sale 1, the adjoining parcel to the east. Based on our analysis of the data and considering the overall legal and physical attributes of the appraised property as well as the definition of value employed herein, it is our opinion that the fair market value of the 1.37 acre (59,677 square foot) larger parcel, as of June 7, 2022, is equal to **\$36.50 per square foot** of land area. When applied to the total site area, the result is a total value for the parcel (as if vacant) of **\$2,180,000** (59,677 square feet x \$36.50 per square foot = \$2,178,211, rounded up to \$2,180,000).

#### **VALUATION OF THE PERMANENT EASEMENT RIGHTS TO BE ACQUIRED**

As indicated previously, we first estimated the value of the larger parcel, and the result was then used as the basis for estimating the value of proposed permanent easement rights to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site. The acquisition includes a proposed permanent easement over a 10 foot by 95 foot strip of land covering 950 square feet area at the southeast side of the larger parcel, as shown on the plat on page 21.

We estimated the value of the subject larger parcel to be equal to \$36.50 per square foot. As illustrated on the plan on page 21, the proposed permanent easement will be sandwiched between the southeast property line and the southeast boundary of an already existing easement for utility purposes that is mostly 20 feet wide, and includes a 40 foot by 40 foot area at the far southerly corner of the lot used for a sewer lift station. The deed for the existing encumbrance states that the easement allows the construction and maintenance of “pipelines for any and all purposes”...“together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes, at such locations and elevations, upon, along, over and under the hereinafter described right of way...” The underlying fee owner is precluded from placing any structure, the planting of any trees, or drilling wells within that area. Inasmuch as the proposed 10 foot wide easement is isolated from the developable portion of the larger parcel by the existing 20 foot wide easement, it is our opinion that the area of the new easement is similarly impacted as it has limited practicality of use. With this in mind, we have determined that the value of the 950 square foot area to be encumbered by the proposed easement is equal to about 25 percent of the average per square foot value of the larger parcel before the new easement granting. Based on the preceding, we have concluded that the fair market value of the 950 square foot easement acquisition parcel is **\$8,669**. This is computed in the following manner: 950 square feet x \$36.50 per square foot x 25 percent = \$8,669.

#### **Improvements**

The area of the proposed easement parcel to be acquired is unimproved.

#### **VALUATION OF THE REMAINDER PARCEL AS PART OF THE WHOLE**

The value of the remainder parcel as part of the whole is equal to the value of the remainder before consideration of damages and benefits. This is simply a mathematical calculation in which the value of the permanent easement parcel to be acquired of \$8,669 is deducted from the value of the larger parcel in the before condition. Thus, the value of the remainder parcel as part of the whole is estimated as follows:

|  |                    |
|--|--------------------|
| Value of the Identified Larger Parcel – Before Condition | \$2,180,000        |
| Value of the Permanent Easement Parcel to be Acquired    | \$ 8,669           |
| Value of the Improvements Within the Easement Boundaries | <u>\$ 0</u>        |
| Value of the Remainder as Part of the Whole              | <u>\$2,171,331</u> |

**VALUATION OF THE REMAINDER BEFORE CONSIDERATION OF BENEFITS**

We next considered the impact on value to the remainder parcel resulting from the project and acquisition of the proposed permanent easement parcel. The value of the remainder parcel before consideration of benefits provides an indication of any loss in value, or damages, accruing to the remainder due to the acquisition or project construction. Damages might occur if the acquisitions resulted in diminished utility of the remainder parcel.

We first investigated if and/or how the project and permanent easement acquisition may impact development of the property during or subsequent to the project construction. Based on all known factors, it is our opinion that the acquisition and project will not affect the highest and best use of the remainder parcel in the after condition. We have also concluded that the value of the remainder parcel before consideration of benefits is equal to its value as part of the whole. Consequently, no damages accrue to the remainder.

**VALUATION OF THE REMAINDER AFTER CONSIDERATION OF BENEFITS**

Since no damages accrue to the remainder, benefits are not applicable and have not been estimated.

**SUMMARY OF CONCLUSIONS**

Per our analysis, we have concluded that the total fair market value relating to the rights to be acquired over the subject property, set forth as of June 7, 2022, is as follows:

|   |             |                       |
|---|-------------|-----------------------|
| Value of the Identified Larger Parcel (Land Only)                         | \$2,180,000 |                       |
| Value of the Part Taken as Part of the Whole                              |             |                       |
| Permanent Easement Rights   | \$8,669     |                       |
| Site Improvements   | <u>\$0</u>  |                       |
| Total   |             | \$8,669               |
| Value of the Remainder as Part of the Whole                               | \$2,171,331 |                       |
| Value of the Remainder before Considering Benefits                        | \$2,171,331 |                       |
| Severance Damages   | <u>\$0</u>  |                       |
| Value of the Remainder Considering Benefits                               | \$2,171,331 |                       |
| Benefits  | <u>\$0</u>  |                       |
| Net Severance Damages   |             | <u>\$0</u>            |
| Total   |             | \$8,669               |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$9,000</u></b> |

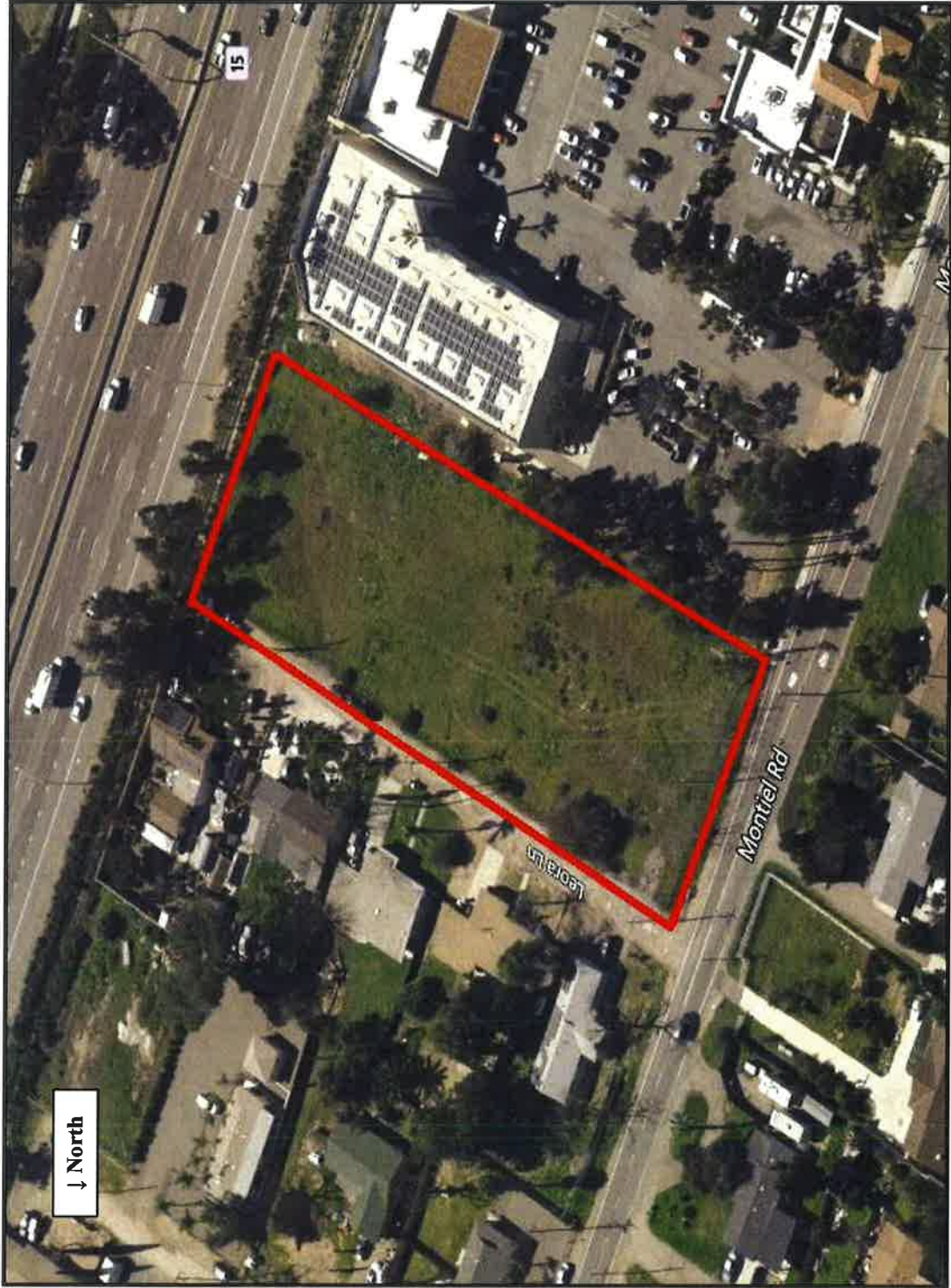
# **Addenda**

**Aerial Photographs of the Market Data  
Preliminary Title Report  
Draft Deed with Legal Descriptions – Proposed Easement Parcels  
Qualifications of the Appraisers**

2175 Montiel Road, San Marcos, CA

**COMPARABLE NO. 1**

643-661 Leora Lane, San Marcos



*Anderson & Brabant, Inc.*

2175 Montiel Road, San Marcos, CA

**COMPARABLE NO. 2**

200 North Las Posas Road, San Marcos



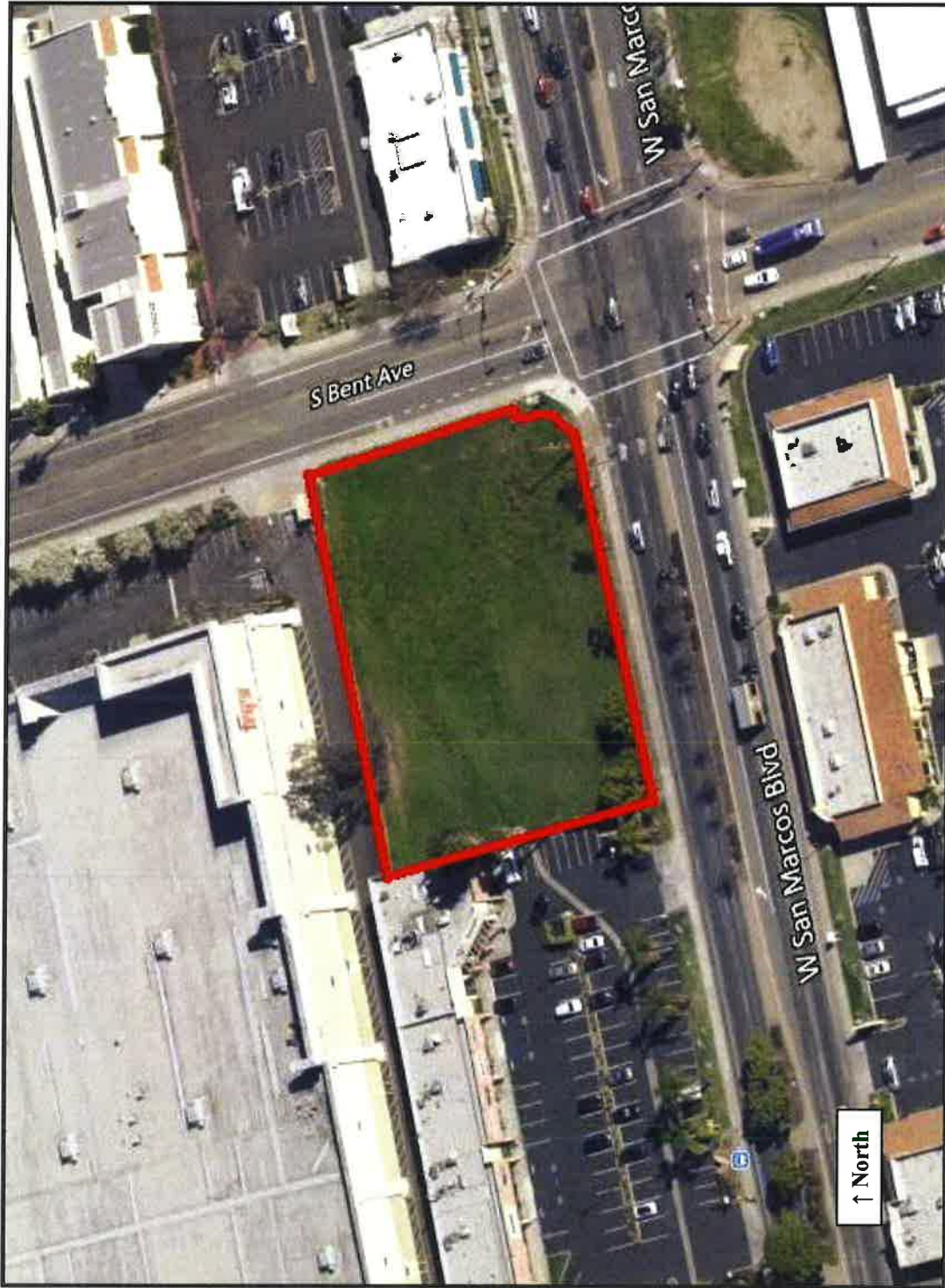
Anderson & Brabant, Inc.



2175 Montiel Road, San Marcos, CA

**COMPARABLE NO. 3**

1284 West San Marcos Boulevard, San Marcos



Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

**COMPARABLE NO. 4**

Southeast corner of West San Marcos Boulevard and South Bent Avenue, San Marcos

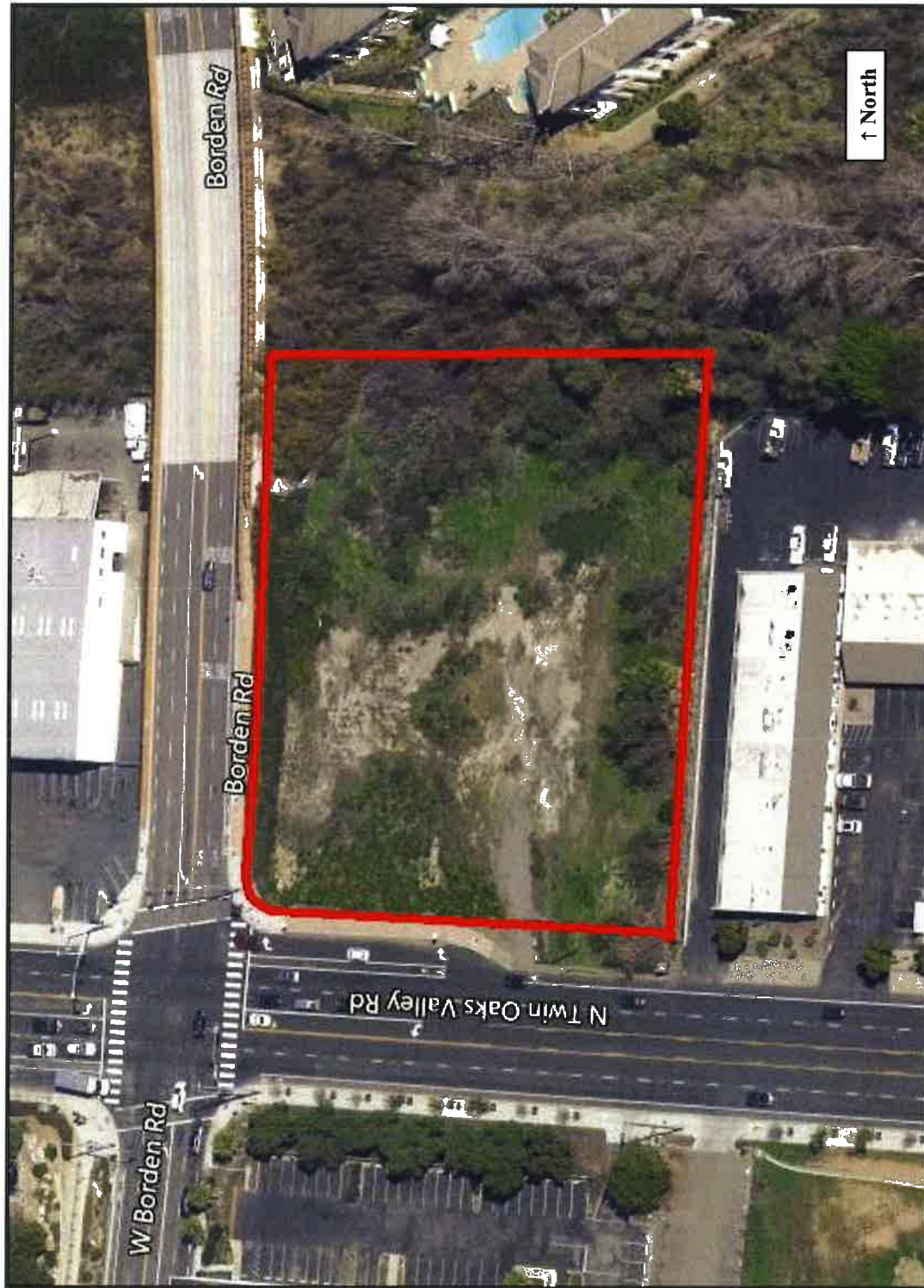


Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

**COMPARABLE NO. 5**

Southeast corner of Twin Oaks Valley Road and Borden Road, San Marcos



Anderson & Brabant, Inc.



5030 Camino De La Siesta #100  
San Diego, CA 92108 • (619) 299-4800  
California Department of Insurance License No. 5128-4  
as Agent for Westcor Land Title Insurance Company

ENGINEERING TECH II

ORDER NO.: 2013699-SH

ATTN: INGRID STICHTER

PROPERTY: 2175 MONTIEL ROAD, SAN MARCOS, CA  
92069



**PRELIMINARY REPORT**

*In response to the above referenced application for a Policy of Title Insurance, Corinthian Title Company, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.*

*The printed Exceptions and Exclusions from the coverage and Limitations on covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limits of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.*

*Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.*

*It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land*

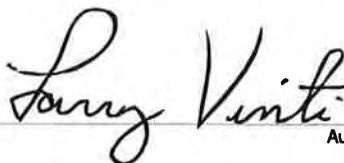
*This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a binder or commitment should be requested.*

Dated as of October 21, 2021 at 7:30am

Title Officer: **Sheila Hollander**  
Title Officer Phone: **619-299-4800**  
Title Officer Fax: **619-923-3541**  
Title Officer Email: **teamsheila@corinthiantitle.com**

**Corinthian Title Company, Inc.**

ORDER NUMBER: **2013699-SH**

BY  Authorized Signatory

**PRELIMINARY REPORT**

The form of Policy of Title Insurance contemplated by this report is:

**Preliminary Report**

**SCHEDULE A**

The estate or interest in the land hereinafter described or referred to covered by this report is:

**A FEE as to Parcel 1;  
AN EASEMENT more particularly described below as to Parcel 2**

Title to said estate or interest at the date hereof is vested in:

**MONTIEL RD RD., LLC**

**EXHIBIT A**  
**LEGAL DESCRIPTION**

The land referred to herein below is situated in the County of SAN DIEGO, State of CALIFORNIA, and is described as follows:

**PARCEL 1:**

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 12 AS SHOWN ON RECORD OF SURVEY 9981 RECORDED MARCH 28, 1985 AS FILE NO. 85-104337; THENCE ALONG THE EASTERLY LINE THEREOF SOUTH 26° 58' 28" WEST, 438.41 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF STATE HIGHWAY 78 AS SHOWN ON SAID RECORD OF SURVEY 9981; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE NORTH 62° 50' 50" WEST, 124.79 FEET; THENCE NORTH 27° 08' 30" EAST, 310.38 FEET; THENCE NORTH 62° 51' 30" WEST, 40.90 FEET; THENCE NORTH 27° 00' 23" EAST, 128.00 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF MONTIEL ROAD THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE 33.00 FEET DISTANT FROM AND PARALLEL WITH THE CENTERLINE OF SAID MONTIEL ROAD SOUTH 62° 51' 30" EAST, 164.71 FEET TO THE POINT OF BEGINNING.

**PARCEL 2:**

AN EASEMENT AND RIGHT OF WAY FOR ROAD, SEWER, WATER, GAS, POWER AND TELEPHONE LINES AND APPURTENANCES THERETO OVER, UNDER, ALONG AND ACROSS THE SOUTHEASTERLY 10 FEET OF THE NORTHWEST 165.00 FEET OF THE NORTHEASTERLY 154.00 FEET OF SAID LOT 12.

Assessor's Parcel Number: **228-360-43-00**

**SCHEDULE B**

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

**Taxes:**

A. **General and Special City and/or County taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2021-2022:**

|                  |                   |
|------------------|-------------------|
| 1st Installment: | \$12,127.44 OPEN  |
| 2nd Installment: | \$12,127.44 OPEN  |
| Land:            | \$1,228,078.00    |
| Improvements:    | \$928,222.00      |
| Exemption:       | \$0.00 HOMEOWNERS |
| Code Area:       | 13106             |

Assessment No.: 228-360-43-00

B. IF TAXES ARE POSTED PAID WITHIN 30 DAYS OF CLOSING, UNLESS PAID BY IMPOUND, PROOF OF CLEARED FUNDS WILL BE REQUIRED OR THE TAX AMOUNT PLUS ANY PENALTIES WILL BE HELD FOR 30 DAYS PAST THE POSTED DATE.

C. **The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.**

**Exceptions:**

1. **This transaction may be subject to the current FinCEN geographic Targeting Order issued by the Director of FinCEN pursuant to 31 U.S.C. section 5326(a); 31 C.F.R. section 1010.3760; and Treasury Order 180-01. The policy issuing agent must be provided with certain information prior to closing pursuant to the GTO. This transaction will not be insured, and this issuing agent and/or its underwriter will not be involved in the closing and settlement until this information is reviewed by the issuing agent and submitted to FinCEN via the BSA E-Filing through the FinCEN e-file platform.**

2. **Water rights, claims or title to water in or under said land, whether or not shown by the public records.**

3. **EASEMENTS AND RIGHTS OF WAY FOR ROAD AND PUBLIC UTILITIES, AND APPURTENANCES THERETO, AS RESERVED AND/OR CONVEYED BY VARIOUS DEEDS OF RECORD.**

AFFECTS: PARCEL 2

4. **Covenants, Conditions, and Restrictions as set forth in instrument recorded August 17, 1893 IN BOOK 222, PAGE 216 OF DEEDS, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin, sexual orientation, marital status, ancestry, disability or source of income unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.**

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

**SCHEDULE B**  
**(CONTINUED)**

5. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded January 28, 1947 IN BOOK 2330, PAGE 257 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
6. **The fact** that the ownership of said land does not include rights of access to or from a public street or highway abutting said land, such rights having been severed from said land by the document recorded January 15, 1960 AS INSTRUMENT NO. 1960-9055 OF OFFICIAL RECORDS, which affects HIGHWAY.
7. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to CHESTER W. SCHELTEMA ET AL as grantee, for the purpose of ACCESS AND UTILITIES, recorded March 12, 1969 AS INSTRUMENT NO. 1969-43030 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
8. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to CHESTER W. SCHELTEMA ET AL as grantee, for the purpose of ACCESS AND UTILITIES, recorded December 28, 1970 AS INSTRUMENT NO. 1970-237944 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
9. **The fact** that the ownership of said land does not include rights of access to or from a public street or highway abutting said land, such rights having been severed from said land by the document recorded March 29, 1971 AS INSTRUMENT NO. 1971-59310 OF OFFICIAL RECORDS, which affects HIGHWAY.
10. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN MARCOS COUNTY WATER DISTRICT as grantee, for the purpose of PIPELINE(S) AND ACCESS AND INCIDENTAL PURPOSES , recorded November 28, 1984 AS INSTRUMENT NO. 1984-444160 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
11. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded December 28, 1984 AS INSTRUMENT NO. 1984-483967 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
12. A NOTICE OF ASSESSMENT, EXECUTED BY CITY OF SAN MARCOS  
Recorded: November 19, 1985 AS INSTRUMENT NO. 1985-437683 OF OFFICIAL RECORDS
13. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "HOLD HOLD HARMLESS", EXECUTED BY AND BETWEEN THE CITY OF SAN MARCOS AND DON ROGER NORMAN  
Recorded: February 24, 1989 AS INSTRUMENT NO. 1989-095522 OF OFFICIAL RECORDS
14. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "COVENANT OF EASEMENT"  
Recorded: March 23, 1989 AS INSTRUMENT NO. 1989-148512 OF OFFICIAL RECORDS
15. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded May 12, 1989 AS INSTRUMENT NO. 1989-252480 OF OFFICIAL RECORDS, affects THE EXACT LOCATION OF THE EASEMENT IS NOT DISCLOSED OF RECORD .
16. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to DON ROGER NORMAN, AS TRUSTEE as grantee, for the purpose of ACCESS AND INCIDENTAL PURPOSES , recorded June 13, 1989 AS INSTRUMENT NO. 1989-311112 OF OFFICIAL RECORDS, affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .



**SCHEDULE B**  
**(CONTINUED)**

17. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to DON ROGER NORMAN, AS TRUSTEE as grantee, for the purpose of PRIVATE SEWER AND INCIDENTAL PURPOSES , recorded [June 13, 1989 AS INSTRUMENT NO. 1989-311112 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
18. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "RECIPROCAL GRANT OF EASEMENTS AND DECLARATION ESTABLISHING REESTRICTIONS AND COVENANTS"  
Recorded: [November 22, 1989 AS INSTRUMENT NO. 1989-636347 OF OFFICIAL RECORDS](#)
19. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to PACIFIC BELL, A CALIFORNIA CORPORATION as grantee, for the purpose of FACILITIES AND INCIDENTAL PURPOSES , recorded [September 12, 1990 AS INSTRUMENT NO. 1990-497562 OF OFFICIAL RECORDS](#), affects THE EXACT LOCATION OF THE EASEMENT IS NOT DISCLOSED OF RECORD .
20. THE FACT THAT THE LAND LIES WITHIN THE BOUNDARIES OF THE SAN MARCOS REDEVELOPMENT PROJECT ARE NO. 1, AS DISCLOSED BY VARIOUS DOCUMENTS OF RECORD.
21. THE FACT THAT THE LAND LIES WITHIN THE BOUNDARIES OF THE SAN MARCOS REDEVELOPMENT PROJECT AREA NO. 3, AS DISCLOSED BY VARIOUS DOCUMENTS OF RECORD.
22. **Rights of parties in possession.**
23. **Rights of tenants** in possession of said land by reason of unrecorded leases. Kindly forward said lease, or a current certified tenant rent roll.
24. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- |              |  |
|--------------|--|
| Amount:      | \$1,400,000.00   |
| Dated:       | 04/28/2014   |
| Trustor:     | STEPHEN M. COLES, TRUSTEE OF THE STEPHEN M. COLES SEPARATE PROPERTY TRUST, WHO ACQUIRED TITLE AS STEPHEN M. COLES, TRUSTEE OF THE STEPHEN M. COLES SEPARATE PROPERTY TRUST DATED APRIL 17, 2014, FOR THE BENEFIT OF STEPHEN M. COLES |
| Trustee:     | AMERICAN SECURITIES COMPANY, A CORPORATION   |
| Beneficiary: | WELLS FARGO BANK, NATIONAL ASSOCIATION   |
| Recorded:    | <a href="#">April 30, 2014 AS INSTRUMENT NO. 2014-0173923 OF OFFICIAL RECORDS</a>  |
| Loan No.:    | NOT SET OUT  |
- ASSIGNMENT AND ASSUMPTION OF DEED OF TRUST**  
Recorded: [February 02, 2021 AS INSTRUMENT NO. 2021-0078706 OF OFFICIAL RECORDS](#)
25. If Title is currently in a Trust, has been in a prior Trust, or their act is to be insured into the Trust, this Company will require a copy of a current notarized Trust Certification.

NOTE: If one or more of the trustees have changed due to incapacitation or death, then an additional requirement for a FULL COPY of the Trust along with any amendments to the trust be provided for review prior to the close of Escrow.

Name of the applicable Trust: STEPHEN M. COLES SEPARATE PROPERTY TRUST DATED APRIL 17, 2014

**SCHEDULE B**  
**(CONTINUED)**

26. **We will require a Statement of Information** from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: STEPHEN C. COLES

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

**FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.**

27. **Prior to the issuance of any policy of title insurance**, the Company will require the following with respect to MONTIEL RD RD., LLC :

(1) A copy of its operating agreement and any amendments thereto must be submitted to the Company for review.

(2) A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) must be submitted to the Company for review.

(3) With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented to the Company for recording or upon which the Company is asked to rely, such document or instrument must be executed in accordance with the following:

If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document or instrument must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.

(4) Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

28. **We will require a Statement of Information** from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: BUYERS

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

**FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.**

**SCHEDULE B**  
**(CONTINUED)**

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**END OF EXCEPTIONS**

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Typist Initials: LT

POTENTIAL TO STOCKPILE EXCAVATION SOIL AND ROCK FOR USE AS ONSITE FILL  
COLES FINE FLOORING  
PERMANENT EASEMENT REQUEST

PERMANENT EASEMENT REQUEST

LIMIT OF TEMPORARY 2:1 FILL SLOPE BEFORE HOTEL PROJECT FILLS

APPROX LIMITS OF TEMPORARY CONSTRUCTION

687.00 FF BUILDING FOOTPRINT

GROSS AC = 1.76 AC  
NET AC = 1.51 AC

MONTIEL RD

LEORA LN

HIGHWAY 78  
116

20210622 EXHIBIT TO R MORGAN  
-CM

Item 2.1

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## **QUALIFICATIONS OF THE APPRAISER**

**David C. Ottley, MAI**

Anderson & Brabant, Inc.

353 West Ninth Avenue, Escondido, CA 92025

760.705.1615

Resident of San Diego County since 1954

### **Educational Background**

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Brigham Young University, Provo, Utah - School of Accountancy (1982-83)

Palomar College, San Marcos, CA - Real Estate emphasis (1976-77; 1980-81)

Professional Education Completed:

Appraisal Institute:

- Case Studies in Real Estate Valuation (1988)
- Valuation Analysis and Report Writing (1988)
- Real Estate Appraisal Principles; and Basic Valuation Procedures (1988)
- Capitalization Theory and Techniques, Parts A & B (1986)
- Real Property Valuation (1977)

Partial List of Recent Seminars and Webinars:

- Appraisal Review (2022)
- Eminent Domain and Condemnation (2021, 2005)
- Uniform Appraisal Standards for Federal Land Acquisitions (2015, 2017)
- San Diego Real Estate Market Symposium, Economic Forecast/Forum (1998-2002; 2004-2012; 2017; 2021)
- Business Practices and Ethics (2010, 2015, 2017)
- Federal and State Laws and Regulations (2014, 2016, 2018)
- Mold, Pollution, and the Appraiser (2014)
- Uniform Standards of Appraisal Practice Update (2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022)
- Loss Prevention Seminar (2011 and 2013)
- Liability Issues for Appraisers Performing Litigation Work (2013)
- Complex Litigation Appraisal Case Studies (2013)
- IRWA Eminent Domain Seminar (2012)
- Appraising in a Post-HVCC World (2011)
- San Diego Housing and Apartment Seminar (2004, 2007, 2009)
- The Appraiser as an Expert Witness (2006)

### **Professional Affiliations**

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MAI Member, Appraisal Institute

Certified General Real Estate Appraiser (AG002149), Bureau of Real Estate Appraisers, State of California

### **Professional Real Estate Experience**

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Appraiser/Consultant, Anderson & Brabant, Inc., Escondido, CA - 01/85 to 03/98; 06/01 to 02/05; 02/06 on

V.P. of Acquisitions, Maisel Presley, Inc., San Diego, CA - 02/05 to 02/06

Director of Finance & Acquisitions, Pacifica Companies, San Diego, CA - 04/98 to 06/01

Appraiser/Analyst, Dodd-Graves & Associates, Escondido, CA - 06/76 to 04/77; & 11/79 to 12/84

Staff Appraiser, Financial Appraisals, Inc., Escondido, CA - 04/77 to 08/77

### **Expert Witness**

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Superior Court, Counties of San Diego, Riverside, and Los Angeles

U.S. Bankruptcy Court, San Diego County

### **Types of Appraisals**

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- |               |   |
|---------------|---|
| Residential:  | Residential Subdivisions, Apartments, Single-family, Condominium and PUD Units, (Existing and Proposed)                     |
| Commercial:   | Single- and Multi-Tenant Commercial and Office Properties, Medical Offices, Self-Storage Facilities (Existing and Proposed) |
| Industrial:   | Single- and Multi-Tenant Industrial Buildings and Parks, (Existing and Proposed)  |
| Vacant Land:  | Residential, Subdivision, Industrial, Commercial, Rural, and Environmentally Sensitive Properties                           |
| Agricultural: | Avocado and Citrus Groves, Dairies, and Ranches   |
| Other:        | Mixed-Use Properties, Leasehold and Leased Fee Interests, Partial Acquisitions, and Easements                               |

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*Anderson & Brabant, Inc.*

**Partial List of Appraisal Clients**

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Government Agencies and Municipalities

|  |  |
|--|--|
| California Rangeland Trust                 | Otay Water District                        |
| CALTRANS                                   | Palomar Community College                  |
| Center for Natural Lands Management        | Pala Band of Mission Indians               |
| City of Carlsbad                           | Poway Municipal Water District             |
| City of Chula Vista                        | Poway Unified School District              |
| City of Coronado                           | Ramona Municipal Water District            |
| City of Del Mar                            | Rincon Del Diablo Municipal Water District |
| City of Escondido                          | San Diego Community College District       |
| City of Menifee                            | San Diego County Water Authority           |
| City of National City                      | San Diego Gas and Electric Company         |
| City of Oceanside                          | Southwest Resource Management Association  |
| City of Palm Springs                       | The Conservation Fund                      |
| City of Poway                              | The Escondido Creek Conservancy            |
| City of San Diego                          | The Nature Conservancy                     |
| City of San Marcos                         | The Trust for Public Lands                 |
| City of Santee                             | Vallecitos Water District                  |
| City of Vista                              | Vista Fire Protection District             |
| Civic San Diego                            | Vista Irrigation District                  |
| County of Riverside                        | Vista Unified School District              |
| County of San Diego                        | U S Department of the Interior             |
| Endangered Habitats Conservancy            | U S Fish and Wildlife                      |
| Fallbrook Union Elementary School District | U S Postal Service                         |
| Grossmont-Cuyamaca College District        | U S Marshal Service                        |
| Metropolitan Transit System                | University of California                   |
| North County Transit District              | Wildlife Conservation Board                |
| Olivenhain Municipal Water District        |  |

Financial Institutions

|                         |                     |
|-------------------------|---------------------|
| Bank of America         | First Republic Bank |
| Bank of the West        | Torrey Pines Bank   |
| California Bank & Trust | Umpqua Bank         |
| City National Bank      | Union Bank          |
| First Interstate Bank   | Wells Fargo Bank    |

Attorneys

|                                 |                             |
|---------------------------------|-----------------------------|
| Ablon, Lewis, Bass & Gale, LLP  | Galyean, Talley & Wood      |
| Asaro Keagy Freeland & McKinley | Loeb & Loeb LLP             |
| Best Best & Krieger             | Kenneth H. Miller           |
| Boss Law Firm                   | Parks and Oberhansley       |
| Daley & Heft                    | Wes Peltzer                 |
| Deutsch & Associates            | Steven C. Saylor            |
| Duckor Spradling Metzger & Wynn | Jeffrey G. Scott            |
| Feist, Vetter, Knauf & Loy      | Samuels, Green & Steel, LLP |
| Foley & Lardner                 | White & Bright              |

Others

|  |                     |
|--|---------------------|
| Bender Rosenthal, Inc.                   | Lennar              |
| Clark Land Resources                     | Meritage Homes      |
| Commonwealth Land Title                  | PSOMAS              |
| Chicago Title                            | Stewart Title       |
| Fidelity National Title                  | T-Mobile            |
| First American Title                     | Wiggans Group, Inc. |
| Lavine, Lofgren, Morris & Engelberg, LLP |                     |

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## QUALIFICATIONS OF THE APPRAISER

James Brabant, MAI  
Anderson & Brabant, Inc.  
353 W. Ninth Avenue  
Escondido, CA 92025  
(760) 705-1592 (Direct)  
Email: jlbrabant@aol.com

- I. Resident of San Diego County since 1977
- II. **Educational Background:**
  - A. University of Southern California, B.S. degree in Real Estate — 1960
  - B. School of Theology at Claremont, Master of Theology — 1966
  - C. Professional Education Completed:
    - 1. Appraisal Institute
      - a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A
      - b. "Capitalization Theory and Techniques" — Course I-B
      - c. "Urban Properties" — Course II
      - d. "Investment Analysis" — Course IV
      - e. "Standards of Professional Practice"
      - f. "Litigation Valuation"
      - g. Special Applications of Appraisal Analysis Course 301
    - 2. Lincoln Graduate Center
      - a. Manufactured Housing Appraisal Course 669
    - 3. Continuing Education (Partial List):
      - USPAP Course and Updates (every two years)
      - Four Hour Federal and State Laws, 1/16
      - Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets 4/12
      - Eminent Domain Case Update, 10/95, 3/97, 10/07, 4/10
      - Business Practice and Ethics, 6/07, 7/12
      - San Diego Apartment & Housing Seminar, 10/98, 5/07, 9/11
      - Appraiser as Expert Witness, 12/06
      - Deal and Development Analysis – Downtown S.D., 9/05
      - Litigation Seminar, 11/04, 11/07, 11/10
      - Appraising Manufactured Housing, 1/04
      - Economic and Real Estate Forum, 09/02
      - Gramm-Leach-Bliley Act, 10/01
      - Condemnation on Trial (Participant), 5/00
      - Digging Into Ground Leases, 2/15
      - Unique Appraisal Assignments (Participant), 2/14
      - Appraisal of Partial Interests; 6/98
      - Vineyard Valuation, 11/12
      - Downtown San Diego Development, 9/15

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**Qualifications of the Appraiser — James Brabant, MAI**  
**Page Two**

III. **Professional Affiliations:**

- A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
- B. Realtor Member, North County Association of Realtors
- C. Member, International Right of Way Association
- D. Real Estate Brokers License, State of California
- E. Teaching Credential, State of California, Community College Level
- F. Certified General Real Estate Appraiser (AG002100)  
Office of Real Estate Appraisers, State of California

IV. **Appraisal Experience:**

- Co-Owner — Anderson & Brabant, Inc., Since 1979
- Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
- Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
- Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
- Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
- Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. **Teaching Experience:**

- Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. **Expert Witness:**

- Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
- Rent Control Hearings: Cities of Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpenteria, Palmdale, San Marcos, Carson, Watsonville
- Various Arbitration Hearings
- Assessment Appeals Boards of Riverside County, San Diego County and Orange County
- Federal Bankruptcy Courts in San Diego County & Santa Barbara County
- United States District Court – Northern District of California

VII. **Types of Appraisals:**

- |                             |   |
|-----------------------------|---|
| Residential Property:       | Single-family residence, condominiums, apartments, subdivisions, existing and proposed  |
| Commercial Property:        | Office buildings, shopping centers, office condominiums, etc., existing and proposed  |
| Industrial Property:        | Single/multi-tenant, business parks, etc., existing and proposed  |
| Vacant Land:                | Industrial, commercial, residential, and rural  |
| Agricultural:               | Ranches, avocado and citrus groves, etc.  |
| Special Purpose Appraisals: | Leasehold estates, possessory interest, historical appraisals, etc.   |
| Mobile Home Parks:          | For a variety of purposes including rent hearings, park closure, park conversions, failure to maintain litigation, eminent domain, etc. |



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**Qualifications of the Appraiser — James Brabant, MAI**

**Page Three**

**VIII. Partial List of Appraisal Clients:**

**Banks**

Bank of America  
Bank of New York  
City National Bank  
Downey Savings  
Fidelity Federal Bank  
First Interstate Bank  
First Pacific National Bank  
Flagship Federal Savings  
Great Western Bank  
Industrial Bank of Japan  
Palomar Savings & Loan  
Redlands Federal Bank  
Union Bank of California  
Wells Fargo Bank

**Government Agencies and Municipalities**

California Department of  
Transportation/Caltrans  
Carlsbad Municipal Water District  
City of Carlsbad  
City of Chula Vista  
City of Colton  
City of Concord  
City of Escondido  
City of Laguna Beach  
City of La Mesa  
City of Salinas  
City of San Bernardino  
City of San Diego  
City of San Marcos  
City of Vista  
City of Yucaipa  
County of San Diego  
Fallbrook Public Utility District  
Metropolitan Water District  
Oceanside Unified School District  
Pacific Telephone  
Poway Municipal Water District  
Ramona Unified School District  
SANDAG (San Diego Assoc. of Govts.)  
San Diego County Water Authority  
San Diego Unified Port District  
San Marcos Unified School District  
U.S. Depart. of the Interior  
    Bureau of Indian Affairs  
U.S. Department of Justice

**Law Firms**

Aleshire & Wynder, LLP  
Asaro, Keagy, Freeland. & McKinley  
Best, Best & Krieger  
Daley & Heft  
Endeman, Lincoln, Turek & Heater  
Foley & Lardner, LLP  
Fulbright & Jaworski  
Gray, Cary, Ware & Freidenrich  
Higgs, Fletcher & Mack  
Latham & Watkins  
Lounsbery, Ferguson, Altona & Peak  
Luce, Forward, Hamilton & Scripps  
McDonald & Allen  
McInnis, Fitzgerald, Rees, Sharkey & McIntyre  
O'Melveny & Meyers  
Procopio, Cory, Hargreaves & Savitch  
Rutan & Tucker  
Singer, Richard  
Sullivan Wertz McDade & Wallace  
Tatro & Zamoyski  
Thorsnes Bartolotta & McGuire  
Woodruff, Spradlin & Smart  
Worden Williams, APC

**Title Companies**

Chicago Title  
Fidelity National Title Insurance  
First American Title  
St. Paul Title  
Title Insurance & Trust

**Others**

Avco Community Developers  
Coldwell Banker  
Dixieline Lumber  
Golden Eagle Insurance  
National Steel & Shipbuilding Co.  
Northern San Diego County Hospital District  
Prudential Insurance Corp.  
Rosenow, Spevacek, Group  
San Diego Gas & Electric Co.  
San Luis Rey Downs (Vessels)  
Steefel, Levitt & Weiss  
Tellwright-Campbell, Inc.  
Transamerica Relocation Service  
Vedder Park Management

## EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 4, 2022** (“Effective Date”), is between **Vallecitos Water District, a governmental agency (“Buyer”)**, and **Montiel RD. LLC, a limited liability company (“Seller”)**. Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately one and thirty-seven hundredths (1.37) acres, designated as Assessor’s Parcel Number 228-360-43-00 (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A (“Easement”)** to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area**.”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Nine-Thousand Dollars (\$9,000.00) (“Purchase Price”)**, which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049A (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
  - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
  - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
  - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
    - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
  - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
  - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
  - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
  - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
  - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
  - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
  - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area
  - (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements

affecting the Easement Area, except as otherwise disclosed by Seller.

- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to

its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

**SELLER**

Montiel Rd., LLC,  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BUYER**

Vallecitos Water District,  
a governmental agency

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO PURCHASE AGREEMENT  
FORM OF EASEMENT**

[See attached.]

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

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**MONTIEL RD., LLC**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: **SEE EXHIBIT "A" ATTACHED.**

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069



A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: MONTIEL RD. LLC

Name\*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruim, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

**EXHIBIT 'A'**  
**WATER / SEWER EASEMENT**

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021  
MBI JN 176090  
APN 228-360-43 MONTIEL RD. LLC

**LEGEND**



INDICATES  
WATER/SEWER EASEMENT  
950.0 SF (0.022 AC)

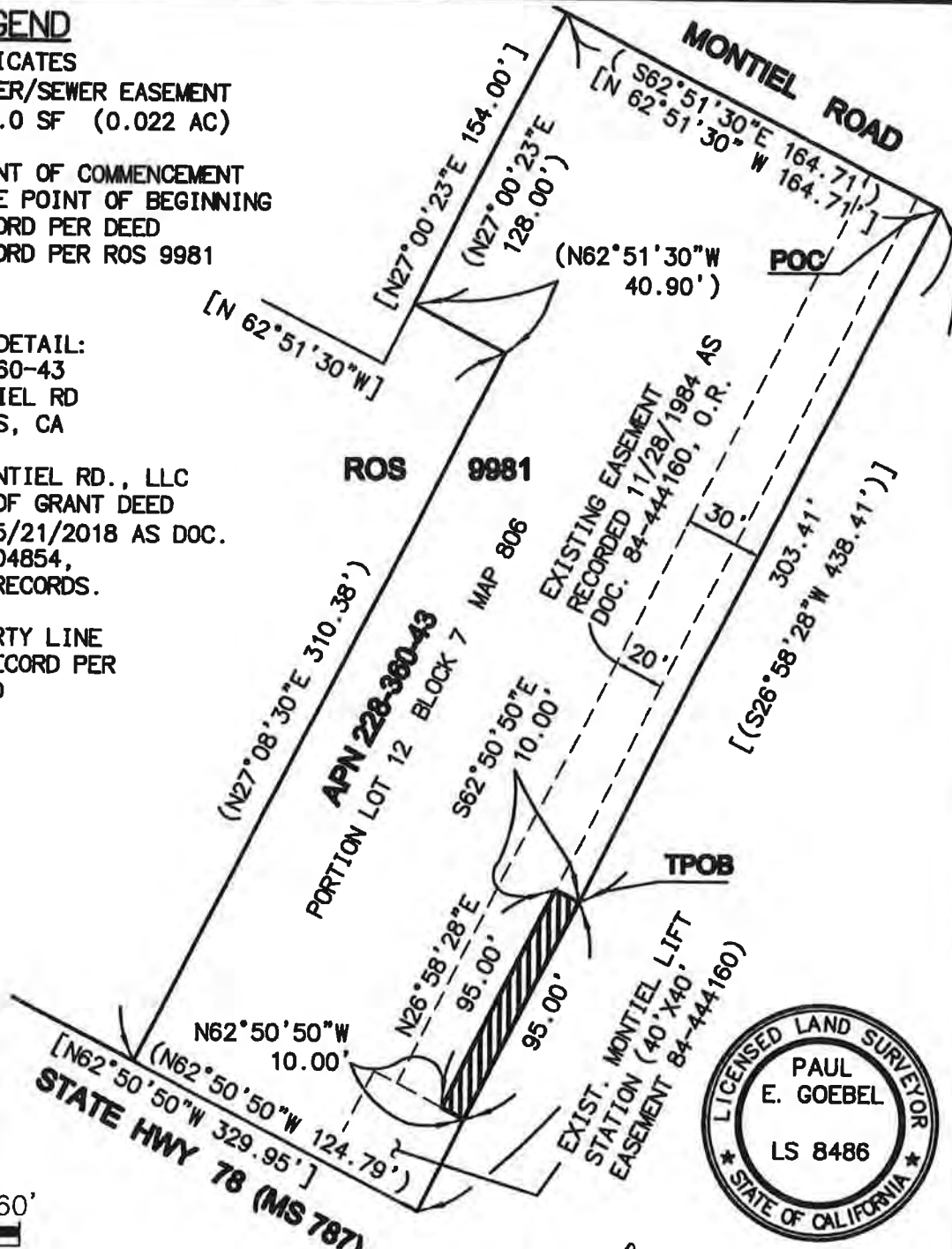
**POC** POINT OF COMMENCEMENT  
**TPOB** TRUE POINT OF BEGINNING  
( ) RECORD PER DEED  
[ ] RECORD PER ROS 9981

**NOTES:**

PROPERTY DETAIL:  
APN 228-360-43  
2175 MONTIEL RD  
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC  
PARCEL 1 OF GRANT DEED  
RECORDED 5/21/2018 AS DOC.  
NO. 2018-204854,  
OFFICIAL RECORDS.

ALL PROPERTY LINE  
DATA IS RECORD PER  
GRANT DEED



0 60'  
SCALE: 1"=60'



*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43  
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD  
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.  
CITY OF SAN MARCOS  
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
Michael Baker International  
9755 Clairemont Mesa Blvd.,  
San Diego, CA 92124  
(858)614-5000

DATE 10/13/2021 176090

## EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 4, 2022** (“**Effective Date**”), is between **Vallecitos Water District, a governmental agency (“Buyer”), and Montiel RD. LLC, a limited liability company (“Seller”).** Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately one and thirty-seven hundredths (1.37) acres, designated as Assessor’s Parcel Number 228-360-43-00 (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A (“Easement”)** to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area.**”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Nine-Thousand Dollars (\$9,000.00) (“Purchase Price”)**, which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049A (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
  - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
  - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
  - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
    - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

- delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.
- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
  - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
  - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
  - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
  - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
  - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
  - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
  - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area
  - (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements

affecting the Easement Area, except as otherwise disclosed by Seller.

- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "**Claims**") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to

its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.



**SELLER**

Montiel Rd., LLC,  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BUYER**

Vallecitos Water District,  
a governmental agency

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO PURCHASE AGREEMENT  
FORM OF EASEMENT**

[See attached.]

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

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**MONTIEL RD., LLC**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: **SEE EXHIBIT "A" ATTACHED.**

---

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of

\_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: MONTIEL RD. LLC

Name\*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: \_\_\_\_\_ Dated: \_\_\_\_\_

Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

**EXHIBIT 'A'**  
**WATER / SEWER EASEMENT**

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021  
MBI JN 176090  
APN 228-360-43 MONTIEL RD. LLC

**LEGEND**



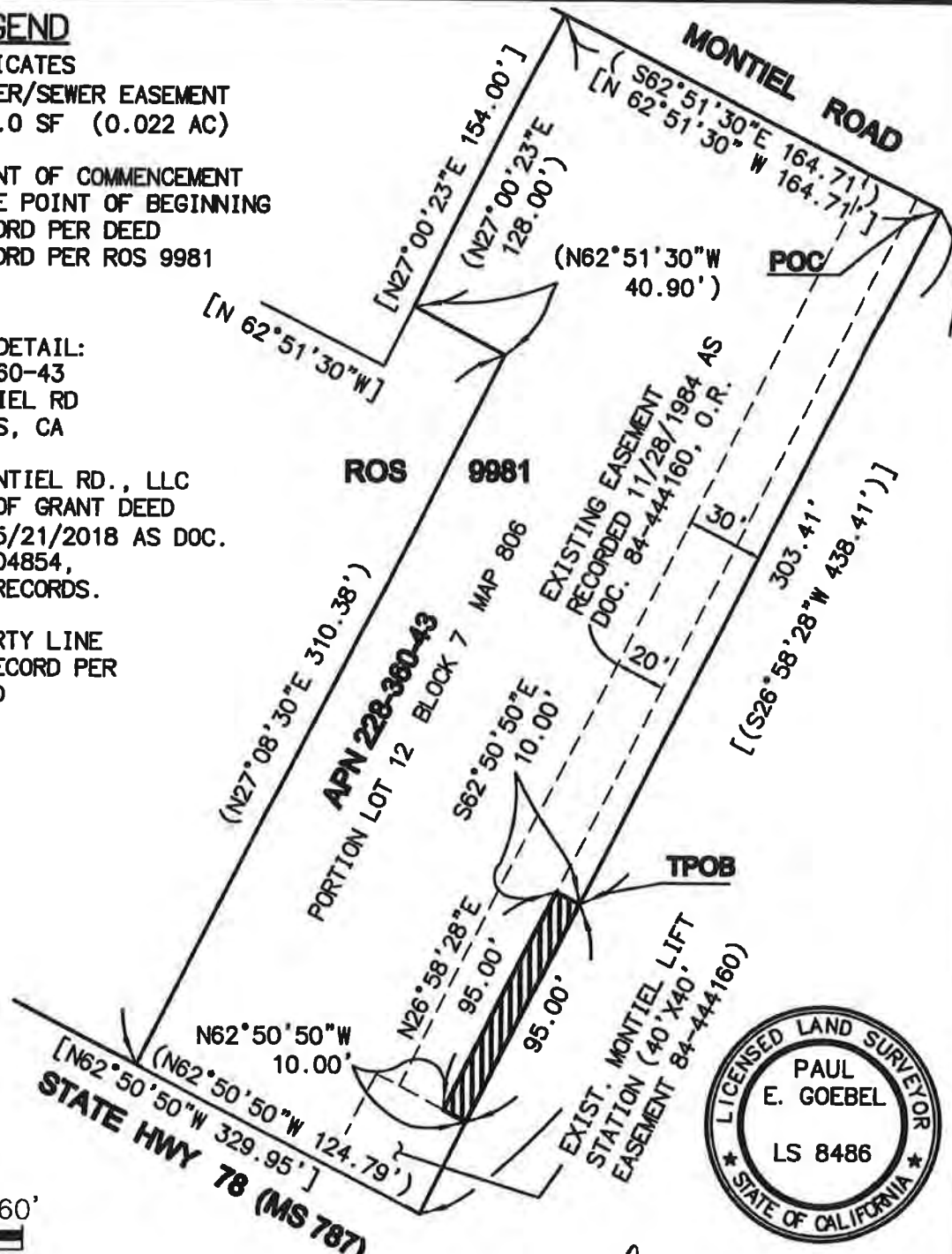
INDICATES  
WATER/SEWER EASEMENT  
950.0 SF (0.022 AC)

**POC** POINT OF COMMENCEMENT  
**TPOB** TRUE POINT OF BEGINNING  
( ) RECORD PER DEED  
[ ] RECORD PER ROS 9981

NOTES:  
PROPERTY DETAIL:  
APN 228-360-43  
2175 MONTIEL RD  
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC  
PARCEL 1 OF GRANT DEED  
RECORDED 5/21/2018 AS DOC.  
NO. 2018-204854,  
OFFICIAL RECORDS.

ALL PROPERTY LINE  
DATA IS RECORD PER  
GRANT DEED



0 60'  
SCALE: 1"=60'



*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43**  
**PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD  
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.  
CITY OF SAN MARCOS  
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
Michael Baker International  
9755 Clairemont Mesa Blvd.,  
San Diego, CA 92124  
(858)614-5000

DATE 10/13/2021 176090

INFORMATIONAL PAMPHLET  
OVERVIEW OF THE EMINENT DOMAIN PROCESS  
AND DESCRIPTION OF PROPERTY OWNER RIGHTS

(Government Code Section 7267.2(a)(2))

Whenever a public agency makes a formal offer to purchase property under Section 7267.2 of the Government Code, it is required by law to provide a description of the eminent domain process. This pamphlet details the process of eminent domain and property owner rights under eminent domain law.

Public agencies acquire property for all types of public projects, such as schools, roads, water and sewer service, flood control, and fire protection. Sometimes public agencies may have to use eminent domain to acquire property for these projects. Eminent domain is the power to acquire property for a public use conditioned upon payment of just compensation.

The Appraisal Process

Before public agencies can use the power of eminent domain, they must follow certain procedures designed to protect the rights of property owners and the public.

If a public agency is potentially interested in acquiring property for a public project and makes an offer under Section 7267.2 of the Government Code, it is required to send to the owner notice of its decision to appraise the property. This notice will advise the owner that the agency has retained an appraiser to appraise the property. The notice may also provide background information on the acquisition process. It may advise that a business on the property potentially could have a claim for loss of business goodwill. It may also advise that occupants on the property may be entitled to relocation assistance, which can include relocation counseling and the payment for certain costs such as moving costs.

The fact that a public agency has sent a notice of decision to appraise does not mean that it has decided to acquire the property or to use eminent domain. It simply means that the public agency has decided to appraise the property.

The appraiser must also notify the owner that the appraiser is available to meet with the owner to discuss and view the property. After investigating the property and other similar properties, the appraiser will prepare an appraisal report and forward it to the agency.

The Offer of Just Compensation

Upon reviewing the appraisal, the public agency may decide to make an offer to acquire the property. This offer must be in writing. The offer cannot be less than the fair market value established by the approved appraisal. The offer must include certain information, including the public use for which the property is to be acquired and a detailed description of the basis for the



conclusions of value. If the comparable sales approach is used, a description of the principal sales must be included. The appraisal report does not have to be provided unless an owner-occupant of residential property with four or fewer units requests to inspect the report.

The offer must be based upon fair market value. Fair market value is a technical legal phrase but generally it means the highest price that a seller and buyer would agree to on a particular date, with neither being under pressure to buy or sell, and with both being fully informed as to the uses available for the property. The proposed public project for which the property may be acquired is not to be considered for either decreasing or increasing the fair market value.

If only a portion of the property is being acquired, such as for a road widening or an underground sewer pipeline, the appraisal may also consider what are called severance damages. Generally, this refers to the reduction in fair market value to the remaining portion of the property that is not being acquired that results from the partial acquisition or the public project. Sometimes a proposed project will actually increase the value of the remaining property. These benefits can be considered in offsetting severance damages, if there any such damages. These benefits cannot be used to lower the value of the actual portion of the property that is being acquired.

A property may be improved and these improvements, if affixed to the realty, may be taken into consideration in the appraisal and the offer. Businesses may also have a claim for loss of business goodwill.

Just compensation is a concept that comes from the California and U. S. Constitutions. The written offer described above is intended to be an offer for just compensation.

### The Negotiation Process

The public agency is required to negotiate in good faith upon making its offer of just compensation. It may not use threatening or coercive tactics. The offer process is a voluntary, negotiation process. The owner is under no obligation to agree to the offer.

In making the offer, the public agency must also offer up to \$5,000 to the owner to retain an appraiser selected by the owner. The appraiser must be state licensed and other conditions may apply.

The owner and the public agency's representatives may negotiate. If the owner believes that certain information is wrong or incomplete, or if the owner has other information that the agency should know about, the owner may offer that information to the public agency. The owner may make a counter-offer, asking for more compensation or suggesting a change in the proposed acquisition. Or, if the owner does not wish to sell the property, the owner may simply reject the offer or not respond.

When property is occupied, the occupants may be entitled to what is called relocation assistance. These are benefits and services to be given to occupants if the proposed acquisition

and public project will require an occupant to move. An occupant need not be an owner of the property to be entitled to such benefits. The nature and extent of the benefits can be technical and will depend upon the particular circumstances of the occupant. Laws and regulations set the amount and nature of applicable benefits. Businesses, homeowners, and renters may be eligible for relocation benefits. These benefits are protections offered by legislation and are different from and in addition to just compensation. When relocation is involved, the public agency will provide an explanation and itemization of the proposed relocation assistance benefits. What is required for relocation is subject to discussion and occupants can provide information they think is important in determining the amount and type of benefits.

#### Starting Eminent Domain

If the public agency's offer to purchase is not accepted, the public agency may then consider the use of eminent domain. Eminent domain involves the acquisition of property without the owner's consent for a public use conditioned upon payment of just compensation. A public agency may only use the power of eminent domain if it is granted that power by state statute.

#### The Requirement for a Public Hearing

Before a public agency can consider using eminent domain, it must conduct a public hearing. The public hearing is before the legislative body of the public agency. For example, if a city wishes to consider using eminent domain to build a road, the public hearing must be conducted by the city council. The owner, as identified by the latest tax rolls, is entitled to written notice of the hearing and has a right to speak before the legislative body. At the hearing the public agency considers the adoption of what is called a resolution of necessity. The hearing concerns whether the public interest and necessity require the project, whether the acquisition is most compatible with the greatest public good and the least private injury, whether the property is necessary for the project, and whether the written offer for just compensation has been made. The owner and the legislative body are to address these topics. The owner may be represented by someone at the hearing. This can be legal counsel but does not have to be. The owner must make a timely request to be heard. The notice for the hearing must explain this requirement.

Upon completing the hearing on these topics, the legislative body will determine whether findings on these topics properly can be made, and will consider adopting the resolution of necessity. The resolution can only be adopted if at least two thirds of the full legislative body votes to adopt the resolution.

#### The Court Process

If the resolution of necessity is adopted, the public agency is then authorized to bring an eminent domain action in state court. This action has to be filed in the county where the property is located. Those with an interest in the property will be named in the action. The action is a lawsuit that must be served on the named parties. The named parties have a right to respond by filing legal papers. In these papers the responding parties may raise legal issues regarding compensation or the public agency's right to use eminent domain.

Once an eminent domain action is filed, the public agency may ask the court for what is called prejudgment possession. This allows the agency to acquire possession of the property so it can begin work on its project without awaiting completion of the court action. The agency may have several actions in court regarding other properties and may not be able to wait until all those actions are resolved before proceeding with construction of its proposed project, such as a road, school, or water pipeline.

To obtain such possession, the public agency must first file and serve a motion on the affected parties. These parties have the right to object and have these objections heard in court. The public agency must also deposit with the court or the State Condemnation Fund the amount of probable just compensation for the property. This amount must be based upon a certified and detailed valuation statement. The owner has the right to challenge this deposit and can file a motion asking to increase the deposit. Those claiming an interest in the deposit may apply to the court to withdraw the deposit or a portion of it.

If the court finds that certain requirements are satisfied and that there are no valid objections to granting prejudgment possession, the court may grant the public agency's motion for possession. State law provides certain time periods to property owners and occupants before possession can take effect.

In many projects, such as road widenings or storm drains, relocation may not be involved at all. If relocation is involved, the public agency must provide relocation counseling and financial benefits to the affected parties. The specific requirements for such counseling and benefits are set by legislation and regulations. Relocation disagreements are subject to appeal to the public agency. Relocation claims may also be presented in court through a lawsuit brought by the claimant. These lawsuits are usually separate from the eminent domain action in court.

The eminent domain action may proceed to trial on the right to use eminent domain or on the amount of just compensation. Trials concerning the right to use eminent domain are conducted only before a judge, without a jury. The California Constitution gives the public agency and the property owner the right to a jury trial on the issue of just compensation. Trials on just compensation focus on the testimony of qualified valuation witnesses. The valuation positions of both sides are usually exchanged in writing on a scheduled date before the trial. These positions are then supported at trial by live testimony, which is subject to cross-examination. At trial, no side has the burden of proof on just compensation. A jury normally must reach a verdict within the range of the valuation opinions allowed into evidence by testimony. In other words, the jury generally cannot find less than the lowest valuation testified to in the trial nor more than the highest valuation.

Before trial either side can make a formal offer to settle. After the trial, if the trial judge finds that the public agency's offer to settle was unreasonable and the owner's offer to settle was reasonable, the public agency is required to pay the owner's reasonable litigation and expert expenses. The public agency cannot recover litigation expenses from the owner for contesting the amount of just compensation. Interest on the awarded just compensation is determined by the court.

During the eminent domain court proceedings, a public agency occasionally may decide that it does not wish to proceed with the acquisition. The owner is given the opportunity to object to the public agency abandoning the proceedings. If the public agency does abandon proceeding with the acquisition, it must pay the other side's reasonable litigation and expert expenses.

Either side may appeal an eminent domain judgment. The appeal process may involve going to the California Court of Appeal, to the California Supreme Court, and to the U. S. Supreme Court. The Court of Appeal must hear a timely appeal. Further review by the California Supreme Court and U. S. Supreme Court is generally within the discretion of those courts.

#### You Should Seek Professional Advice

This pamphlet is intended to give you an overview of the eminent domain process and property owner rights under state eminent domain law. A public agency does not and cannot represent you or give you legal advice. If you have questions or concerns at any time, you should consider consulting a professional, including an attorney. You always have the right to legal counsel.

**RESOLUTION NO.**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT DECLARING THAT ACQUISITION OF EASEMENT INTERESTS IN THE PROPERTY KNOWN AS ASSESSOR'S PARCEL NOS. 228-370-38 AND 228-370-04 ARE NECESSARY FOR THE FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT as follows:

WHEREAS, Vallecitos Water District ("District") is a county water District established and organized pursuant to California Water Code § 30000 *et seq.*; and

WHEREAS, the District proposes to acquire permanent and temporary easement interests in real property owned by SAN MARCOS HOSPITALITY, LLC ("Property Owner") and generally identified as Assessor's Parcel Numbers ("APN") 228-370-38 and 228-370-04 for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California, pursuant to Water Code section 31040 and Code of Civil Procedure section 1240.040; and

WHEREAS, pursuant to Code of Civil Procedure section 1245.235, the District scheduled a public hearing for October 5, 2022, at 5:00 p.m. in the Board Room of Vallecitos Water District, 201 Vallecitos De Oro, San Marcos, CA 92069, and gave to each person whose property is to be acquired and whose name and address appears on the last equalized county assessment roll, notice and a reasonable opportunity to appear at said hearing and be heard on the matters referred to in Code of Civil Procedure section 1240.030; and

WHEREAS, said hearing has been held by the District and each person whose property is to be acquired by eminent domain was afforded the opportunity to be heard on said matters; and

WHEREAS, the District may adopt a resolution of necessity pursuant to Code of Civil Procedure section 1240.040.

NOW THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED, by a vote of two-thirds or more of all members of the Board of the District as follows:

**SECTION 1:** Notice and Hearing Compliance.

**Section 1.1:** The District has provided notice of this hearing as required by Code of Civil Procedure section 1245.235.

**SECTION 2:** Compliance with the California Environmental Quality Act.

**Section 2.1:** The District, as lead agency for the Project, prepared an Addendum ("Addendum") to the certified 2018 Water, Wastewater, and Recycled Water Master Plan Program Environmental Impact Report ("PEIR"; SCH No. 2017111082) that analyzed the Project's potential environmental impacts under the California Environmental Quality Act

(“CEQA”). The Addendum concluded that the Project (1) would not result in any new significant environmental impacts or substantially increase any previously identified significant effects; (2) there are no new circumstances under which the improvements will be undertaken that would cause any new or more severe significant effects; and (3) there is no new information showing the improvements would have new or more severe significant effects or that there are new feasible mitigation measures or alternatives that would reduce any identified significant effects. On September 7, 2022, the Board of Directors of the District adopted a resolution approving the Addendum to the PEIR for the Project, which includes mitigation monitoring measures. A Notice of Determination was filed on September 13, 2022.

### SECTION 3: Public Use.

Section 3.1: The public use for which the easement interests are to be acquired is for the District’s proposed Project to replace the existing Montiel sewer basin sewage conveyance facility (“Montiel Lift Station”) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers in the area served by the facility. The Project will replace the existing Montiel Lift Station, which was initially constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The permanent easement interests sought are needed to access, operate, maintain, and repair the proposed Montiel Lift Station. The District also desires to acquire temporary construction easements on a portion of the future site of the hotel property for District’s construction activities, including earthwork, drainage and grading improvements, construction staging and temporarily spoils storage from the construction activities in the immediate vicinity of the replacement of the Montiel Lift Station. The District is authorized to acquire by eminent domain property interests necessary for such a purpose in accordance with Water Code section 31040 and Code of Civil Procedure section 1240.040.

### SECTION 4: Description of Property.

Section 4.1: The property on which the easement is sought is generally described as APNs 228-370-38 and 228-370-04. Attached hereto as Exhibits are the legal descriptions and depictions of the real property interests required for the Project, which describe the general location of the property and the easement areas to be acquired by the District with sufficient detail for reasonable identification.

### SECTION 5: Findings.

Section 5.1: The District hereby finds and determines the following:

- a. The public interest and necessity require the proposed Project; and
- b. The proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and least private injury; and
- c. The easements are necessary for the proposed Project; and
- d. The offer required by Government Code section 7267.2 was made.

SECTION 6: Further Activities.

Section 6.1: Best Best & Krieger LLP (“BBK”), as counsel for the District, is hereby authorized to acquire the described real property interests in the name of and on behalf of the District by eminent domain. BBK is further authorized to institute and prosecute such legal proceedings as may be required. BBK may take such steps as may be authorized and required by law, and make such deposits as may be required, to permit the District to take possession of and use said real property interests at the earliest possible time. BBK is further authorized to correct any errors or to make or agree to non-material changes in the legal descriptions of the real property that is deemed necessary for the conduct of the condemnation action, or any other proceedings or transactions required to acquire the property interests.

SECTION 7: Severability.

Section 7.1: If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable. The Board of Directors hereby declares that it would have adopted this resolution irrespective of the invalidity of any particular portion thereof.

SECTION 8: Effective Date.

Section 8.1: This resolution shall become effective immediately upon its final passage; this resolution being adopted pursuant to Section 32552 of the Water Code of the State of California.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 16<sup>th</sup> day of November, 2022, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

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Craig Elitharp, President  
 Board of Directors  
 Vallecitos Water District

ATTEST:

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Glenn Pruiim, Secretary  
 Board of Directors  
 Vallecitos Water District

EXHIBITS:

Legal Description and Depiction of Property

Legal Description and Depiction of Permanent and Temporary Easements



# Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

|  |   |   |
|--|---|---|
| Print or type.<br>See Specific Instructions on page 3. | <p><b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p>   |   |
|  | <p><b>2</b> Business name/disregarded entity name, if different from above</p>  |   |
|  | <p><b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p><input type="checkbox"/> Individual/sole proprietor or single-member LLC</p> <p><input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____</p> <p><b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p><input type="checkbox"/> Other (see instructions) ►</p> | <p><b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p> |
|  | <p><b>5</b> Address (number, street, and apt. or suite no.) See instructions.</p>   | Requester's name and address (optional)   |
|  | <p><b>6</b> City, state, and ZIP code</p>   |   |
|  | <p><b>7</b> List account number(s) here (optional)</p>  |   |

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

|  |   |   |   |   |  |
|--|---|---|---|---|--|
| <b>Social security number</b>  |   |   |   |   |  |
| <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%; border: 1px solid black; height: 20px;"></td> <td style="width:5%; text-align: center;">-</td> <td style="width:25%; border: 1px solid black; height: 20px;"></td> <td style="width:5%; text-align: center;">-</td> <td style="width:40%; border: 1px solid black; height: 20px;"></td> </tr> </table> |   | - |   | - |  |
|  | - |   | - |   |  |
| <b>OR</b>  |   |   |   |   |  |
| <b>Employer identification number</b>  |   |   |   |   |  |
| <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%; border: 1px solid black; height: 20px;"></td> <td style="width:5%; text-align: center;">-</td> <td style="width:70%; border: 1px solid black; height: 20px;"></td> </tr> </table>  |   | - |   |   |  |
|  | - |   |   |   |  |

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

|                  |                            |        |
|------------------|----------------------------|--------|
| <b>Sign Here</b> | Signature of U.S. person ► | Date ► |
|------------------|----------------------------|--------|

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
  - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
  - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
  - Form 1099-S (proceeds from real estate transactions)
  - Form 1099-K (merchant card and third party network transactions)
  - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
  - Form 1099-C (canceled debt)
  - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

# 2020 Withholding Exemption Certificate

# 590

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

### Withholding Agent Information

Name \_\_\_\_\_

### Payee Information

Name \_\_\_\_\_

SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

Address (apt./ste., room, PO box, or PMB no.) \_\_\_\_\_

City (If you have a foreign address, see Instructions.) \_\_\_\_\_

State \_\_\_\_\_

ZIP code \_\_\_\_\_

### Exemption Reason

Check only one box.

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Corporations:**

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Partnerships or Limited Liability Companies (LLCs):**

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:**

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

### CERTIFICATE OF PAYEE: Payee must complete and sign below.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for 1131. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title \_\_\_\_\_ Telephone \_\_\_\_\_

Payee's signature ► \_\_\_\_\_ Date \_\_\_\_\_



## VALLECITOS WATER DISTRICT

A PUBLIC AGENCY

201 Vallecitos de Oro • San Marcos, California • 92069-1453 Telephone (760) 744-0460

### NOTICE OF HEARING TO PROPERTY OWNER

Pursuant to Section 1245.235 of the California Code of Civil Procedure, you are hereby notified that at a regular meeting to be held on Wednesday, October 5, 2022, at 5:00 p.m., at the Vallecitos Water District Board Room, 201 Vallecitos de Oro, in San Marcos, California, the Board of Directors of the Vallecitos Water District intends to consider adopting a Resolution of Necessity, authorizing the commencement of eminent domain proceedings for the acquisition of a permanent easement on portions of the real property generally located at 2175 Montiel Road, San Marcos, California, and generally identified as APN 228-360-43 (as more fully described and depicted in Exhibits A and B, which are attached hereto and incorporated herein by reference) (the "Easement"), for the Montiel Lift Station and Force Main Replacement Project ("Project"). According to the last equalized county assessment roll, the real property needed for the Easement is owned by Montiel RD., LLC.

A public hearing will be held at the time and place mentioned above and you have the right to appear and be heard on the following matters:

1. Whether the public interest and necessity require the project for which the property is sought to be acquired.
2. Whether the project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.
3. Whether the property is necessary for the proposed project.
4. Whether the offer required by Section 7267.2 of the California Government Code has been made.

If you wish to appear and be heard, please make a written request to appear and be heard to the Secretary of the Board of Directors at the address identified below prior to the October 5, 2022 Board Meeting. Failure to make a written request to appear and be heard within 15 days after this Notice was mailed will result in the waiver of your right to appear and be heard.

PUBLIC COMMENT INSTRUCTIONS:

Members of the public may address the Board on any item on the agenda when the item is considered, including the above-described item. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible.

ALL QUESTIONS OR COMMUNICATIONS SHOULD BE ADDRESSED TO:

Anthony Flores  
Senior Executive Assistant to the Board of Directors  
201 Vallecitos de Oro  
San Marcos, California 92069

DATE OF HEARING: Wednesday, October 5, 2022  
5:00 p.m.

PLACE OF HEARING: Vallecitos Water District Board Room  
201 Vallecitos De Oro  
San Marcos, California

DATED: September 12, 2022

VALLECITOS WATER DISTRICT

By:   
\_\_\_\_\_  
Anthony Flores  
Senior Executive Assistant to the  
Board of Directors

PROOF OF MAILING NOTICE

I, Alison Fretwell, acting on behalf of the Vallecitos Water District, hereby certify that on September 13, 2022, I mailed a copy of the attached notice by first-class mail to the following owners of real property located in the County of San Diego, State of California, more particularly described as Assessor Parcel No. 228-360-43:

Stephen Coles  
Managing Member  
Montiel RD., LLC  
1170 W. Morena Blvd.  
San Diego, CA 92110

DATED: September 13, 2022

Alison Fretwell

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

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**SAN MARCOS HOSPITALITY, LLC.**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: **228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)**

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled **Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904)**, prepared by **Michael Baker International**, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: **SAN MARCOS HOSPITALITY, LLC.**

Name\*: **DARSHAN PATEL**

Title: **CHIEF EXECUTIVE OFFICER**

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from **SAN MARCOS HOSPITALITY, LLC.**, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069



† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

**EXHIBIT 'A'**  
**LEGAL DESCRIPTION EASEMENTS**

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**PARCEL A - WATER AND SEWER EASEMENT:**

**COMMENCING** AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

**CONTAINS:** 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

**PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>**

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.

**CONTAINS:** 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.



SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



---

PAUL E. GOEBEL, PLS 8486 8/2/2022  
MBI JN 176090  
APN 228-370-03,04,38

**LEGEND**

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- ( ) RECORD DATA AS SHOWN

OWNER:  
 SAN MARCOS HOSPITALITY, LLC  
 BY GRANT DEED REC.  
 9/1/2021 AS DOC.  
 2021-0621100, O.R.(DD1)

0 60'  
 SCALE: 1"=60'



**TPOB**  
 SEE DETAIL

**POC**

**HWY 78** EX. 15' SEWER EASEMENT TO VCMWD REC. 9/30/87 AS DEED TO STATE REC. 10/28/1970 DOC. 196839, O.R. 87-553607, O.R. 1320.01'

**EXHIBIT B - PLAT  
 PROPOSED WATER / SEWER EASEMENT  
 & TEMPORARY CONSTRUCTION  
 EASEMENT EXHIBIT**

APN 228-370-03,04,38  
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806  
 CITY OF SAN MARCOS  
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

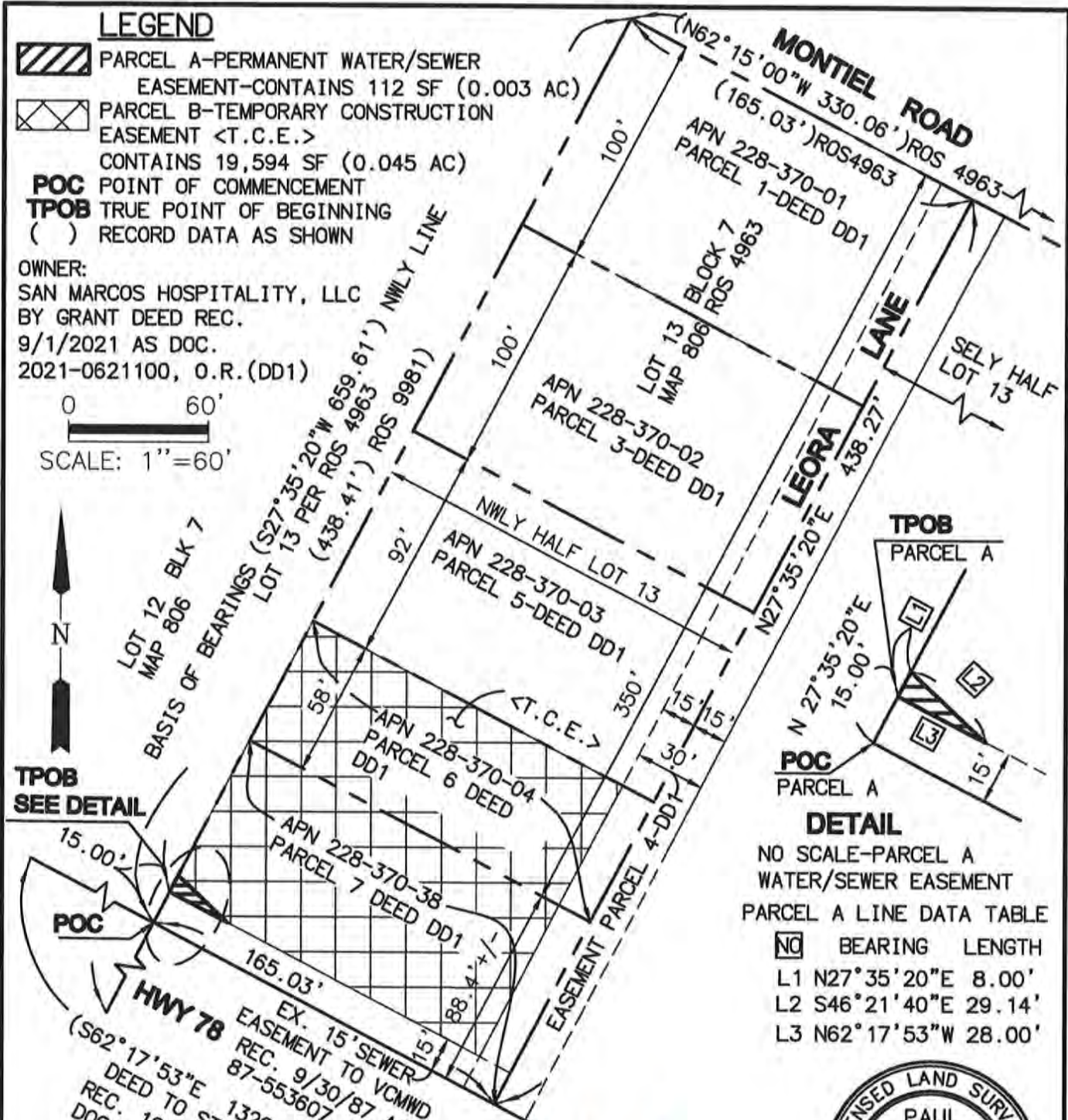
*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL DATE  
 LS 8486



SHEET 1 OF 1 SHEET  
 Michael Baker International  
 9755 Clairemont Mesa Blvd.,  
 San Diego, CA 92124  
 (858)614-5000  
 DATE 8/1/2022 176090



**DETAIL**  
 NO SCALE-PARCEL A  
 WATER/SEWER EASEMENT  
 PARCEL A LINE DATA TABLE

| NO | BEARING     | LENGTH |
|----|-------------|--------|
| L1 | N27°35'20"E | 8.00'  |
| L2 | S46°21'40"E | 29.14' |
| L3 | N62°17'53"W | 28.00' |

August 11, 2022

VIA FEDERAL EXPRESS

San Marcos Hospitality., LLC  
 Attn: Bhavesh Patel  
 1650 Hotel Circle North, Suite 120.  
 San Diego, CA 92108

**Subject: OFFER FOR ACQUISITION OF PROPERTY INTERESTS  
 Montiel Road at Leora Lane, San Marcos, CA, APN 228-370-04 and 228-370-38**

Dear Mr. Patel:

My name is Jeff Sykes, and I am the Land Manager at NV5, and we have been retained to acquire easements on behalf of Vallecitos Water District (“District”) for the project described below and other projects.

The Vallecitos Water District is in the process of designing the Montiel Lift Station and Force Main Replacement Project (“Project”). The Project will demolish and replace the Montiel Lift Station that was originally designed and built in 1985 to be a temporary solution pending a new outfall, The anticipated new outfall is not going to be realized. Due to its age which has put it past its design life, and the now permanent nature the lift station, it has been budgeted and scheduled for replacement with larger pumps and new supporting infrastructure. This will add 50 years to the lift station and decrease the chances of a sewage spill in the area. The lift station serves an area of approximately 200 acres east of Nordahl Rd. and until it is replaced no additional sewer connections will be approved in the service area.

Records show that you are the property owner of the above-numbered parcels (see Exhibit A attached hereto). The District seeks to acquire permanent easement rights on your property APN 228-370-38 and a Temporary Construction Easement (TCE) on both 228-370-38 and 228-370-04, in San Marcos, California for the Project. A copy of the legal descriptions of the easement area and the easement document sought to be acquired are attached as Exhibit B to this letter.

Your representative, Mr. Enrique Terrazas, was previously contacted during the appraisal phase of this project and was offered an opportunity to meet with the VWD’s independent appraiser during the inspection of the property. The appraiser was informed that the appraisal could be done without an onsite meeting with you or your representative.

A market-value appraisal has now been completed. Based on that, and pursuant to California Government Code section 7267.2, the District hereby makes an offer of \$61,000.00 (“Purchase Price”) for the easement interests. The District had the easement appraised to determine the fair market value. The appraisal was conducted in accordance with commonly accepted appraisal standards and included consideration of the highest and best use of the land. The Purchase Price is the full amount established by the appraisal as the fair market value of the easement and the just

compensation for such acquisition. A written statement of, and a summary of the basis for, the amount established as the Purchase Price is set forth in the attached Appraisal as **Exhibit C**.

The fair market value of the easements:

- a. Is the full amount believed by the District to be just compensation for the easements to be acquired;
- b. Is not less than the approved appraisal of the fair market value of the easements;
- c. Disregards any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation caused by the public improvement for the property which is to be acquired or by the likelihood that the property would be acquired for such public improvement, other than that due to physical deterioration within the reasonable control of the owner or occupant; and
- d. Does not reflect any consideration of or allowance for any relocation assistance and payments or other benefits to which the owner may be entitled to receive under an agreement with the District.

In addition, pursuant to Government Code section 7267.2(a)(2), we have also enclosed an informational pamphlet explaining the eminent domain process (**Exhibit D**). The District has made no decision to exercise its powers of eminent domain and can do so only after it holds a hearing at which all affected property owners have had the opportunity to be heard. The District reserves the right to consider any environmental issues that may pertain to the property.

Pursuant to Code of Civil Procedure section 1263.025, you are entitled to reimbursement from the District for the reasonable costs, not to exceed \$5,000, for an independent appraisal, should you retain an appraiser. In order to receive this reimbursement, the independent appraisal can only be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

It is the District's hope that this offer is acceptable and we can proceed with the purchase of the easement. However, if you are not satisfied with the District's offer of just compensation, you will be given reasonable opportunity to present relevant material, which the District will carefully consider. A response to this offer would be appreciated by **September 2, 2022**.

I have attached the following documents for your review and/or approval:

1. One copy of an Assessor's Parcel Map, site plan showing your parcel. Exhibit A
2. One original and one copy of an Easement which includes the legal description and plat of the easement area, by which you would convey this property interest to VWD. Exhibit B
3. One copy of the Appraisal which is the basis of the amount established as Just Compensation for your information. Exhibit C
4. One original and one copy of the Easement Purchase and Sale Agreement, which establishes terms and conditions primarily related to the payment of compensation for the easement.
5. One copy of a brochure entitled Property Owner's Information Pamphlet on Use of Eminent Domain in California. Exhibit D

August 11, 2022

Page 3

However, please note that it is our desire to reach a settlement without the use of eminent domain. The pamphlet is being provided for information purposes.

6. Request for Taxpayer Identification Number and Certification (W-9).
7. Withholding Exemption Certificate (Form 590).

If you have any question regarding this offer, please contact me at 858-270-7010 or email me at [Jeff.Sykes@NV5.com](mailto:Jeff.Sykes@NV5.com).

Sincerely,



Jeff Sykes  
NV5  
Land Manager

Enclosures



Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)  
Document Transfer Tax: None

---

**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

---

**SAN MARCOS HOSPITALITY, LLC.**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

---

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 1 of 6



AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 2 of 6

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

| <b>"Grantor"</b>                             |             |
|--|-------------|
| Company: <u>SAN MARCOS HOSPITALITY, LLC.</u> |             |
| Name*: <u>DARSHAN PATEL</u>                  |             |
| Title: <u>CHIEF EXECUTIVE OFFICER</u>        |             |
| Signature †: _____                           | Date: _____ |

| <b>CERTIFICATE OF ACCEPTANCE<br/>VALLECITOS WATER DISTRICT</b>   |              |
|--|--------------|
| This is to certify that the interest in real property conveyed by the deed or grant dated _____, from <u>SAN MARCOS HOSPITALITY, LLC.</u> , to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer. |              |
| By: _____  | Dated: _____ |
| Glenn Pruum, Secretary<br>Board of Directors<br>Vallecitos Water District<br>201 Vallecitos De Oro<br>San Marcos, CA 92069   |              |

\* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069  
Page 3 of 6

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

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Page 4 of 6

**EXHIBIT 'A'**  
**LEGAL DESCRIPTION EASEMENTS**

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

**PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>**

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.

CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.



SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



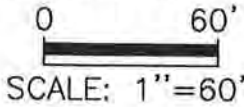
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PAUL E. GOEBEL, PLS 8486 8/2/2022  
MBI JN 176090  
APN 228-370-03,04,38

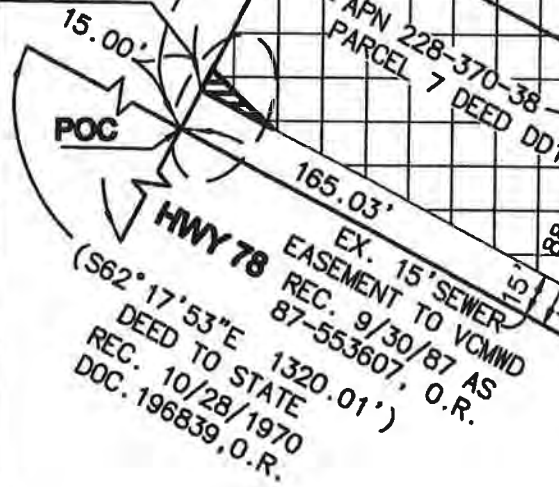
**LEGEND**

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- ( ) RECORD DATA AS SHOWN

OWNER:  
 SAN MARCOS HOSPITALITY, LLC  
 BY GRANT DEED REC.  
 9/1/2021 AS DOC.  
 2021-0621100, O.R. (DD1)



**TPOB**  
 SEE DETAIL



**MONTIEL ROAD**  
 (N62°15'00"W 330.06') ROS 4963-  
 (165.03') ROS4963

APN 228-370-01  
 PARCEL 1-DEED DD1

BLOCK 7  
 ROS 4963

LOT 13  
 MAP 806

APN 228-370-02  
 PARCEL 3-DEED DD1

NWLY HALF LOT 13  
 APN 228-370-03  
 PARCEL 5-DEED DD1

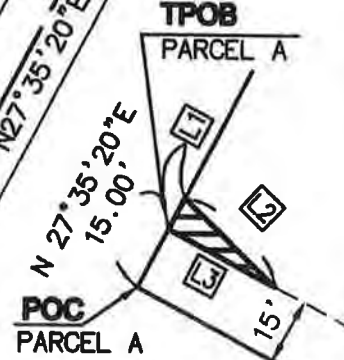
APN 228-370-04  
 PARCEL 6 DEED DD1

APN 228-370-38  
 PARCEL 7 DEED DD1

**HWY 78**  
 EX. 15' SEWER EASEMENT TO VCMWD  
 REC. 9/30/87 AS 87-553607, O.R.  
 DEED TO STATE 1320.01'  
 REC. 10/28/1970  
 DOC. 196839, O.R.

**LEORA LANE**  
 438.27'

SELY HALF  
 LOT 13



**DETAIL**  
 NO SCALE-PARCEL A  
 WATER/SEWER EASEMENT  
 PARCEL A LINE DATA TABLE

| NO | BEARING     | LENGTH |
|----|-------------|--------|
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*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL DATE  
 LS 8486



**EXHIBIT B - PLAT  
 PROPOSED WATER / SEWER EASEMENT  
 & TEMPORARY CONSTRUCTION  
 EASEMENT EXHIBIT**

APN 228-370-03,04,38  
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806  
 CITY OF SAN MARCOS  
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
 Michael Baker International  
 9755 Clairemont Mesa Blvd.,  
 San Diego, CA 92124  
 (858)614-5000  
 DATE 8/1/2022 176090

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

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Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: SAN MARCOS HOSPITALITY, LLC.

Name\*: DARSHAN PATEL

Title: CHIEF EXECUTIVE OFFICER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE**

**VALLECITOS WATER DISTRICT**

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By. \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

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Page 4 of 6

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PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**PARCEL A - WATER AND SEWER EASEMENT:**

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

**PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>**

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022  
MBI JN 176090  
APN 228-370-03,04,38

**LEGEND**

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- ( ) RECORD DATA AS SHOWN

OWNER:  
 SAN MARCOS HOSPITALITY, LLC  
 BY GRANT DEED REC.  
 9/1/2021 AS DOC.  
 2021-0621100, O.R. (DD1)

0 60'  
 SCALE: 1"=60'



**TPOB**  
 SEE DETAIL

**POC**

LOT 12 BLK 7  
 MAP 806

BASIS OF BEARINGS  
 LOT 13 PER ROS 4963 (S27°35'20"W 659.61')  
 (438.41') ROS 9981

APN 228-370-01  
 PARCEL 1-DEED DD1

APN 228-370-02  
 PARCEL 3-DEED DD1

APN 228-370-03  
 PARCEL 5-DEED DD1

APN 228-370-04  
 PARCEL 6 DEED DD1

APN 228-370-38  
 PARCEL 7 DEED DD1

EX. 15' SEWER EASEMENT TO VCMWD  
 REC. 9/30/87 AS 87-553607, O.R.  
 DEED TO STATE 1320.01'  
 REC. 10/28/1970  
 DOC. 196839, O.R.

HWY 78

(S62°17'53"E 165.03'  
 88.42')

**EXHIBIT B - PLAT  
 PROPOSED WATER / SEWER EASEMENT  
 & TEMPORARY CONSTRUCTION  
 EASEMENT EXHIBIT**

APN 228-370-03,04,38  
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806  
 CITY OF SAN MARCOS  
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL DATE  
 LS 8486



SHEET 1 OF 1 SHEET  
 Michael Baker International  
 9755 Clairemont Mesa Blvd.,  
 San Diego, CA 92124  
 (858)614-5000  
 DATE 8/1/2022 176090



---

**APPRAISAL REPORT**

**PROPOSED PERMANENT & TEMPORARY  
EASEMENT RIGHTS PERTAINING TO  
UNIMPROVED 1.66 ACRE SITE  
643 TO 661 LEORA LANE  
SAN MARCOS, CA 92069**

**CLIENT**

Ryan Morgan, P.E.  
Capital Facilities Senior Engineer  
Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, California 92069

**DATE OF VALUATION**

June 7, 2022

**DATE OF REPORT**

June 22, 2022

**APPRAISED BY**

Anderson & Brabant, Inc.  
353 West Ninth Avenue  
Escondido, California 92025

File No. 22-049B

---

**ANDERSON & BRABANT, INC.**

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 705-1615

June 22, 2022

Ryan Morgan, P.E.  
Capital Facilities Senior Engineer  
Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, California 92069

**RE: Appraisal of proposed permanent and temporary easement rights  
1.66 acre parcel  
643 to 661 Leora Lane  
San Marcos, California 92069  
(Assessor Parcel Numbers 228-360-01-00 to 04-00 & 38-00)**

Dear Mr. Morgan:

As requested, we have completed an appraisal pertaining to the above-referenced property located at 643 to 661 Leora Lane, San Marcos, California. The specific purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a 45 square foot area toward the southwest corner of the larger parcel, and we also estimated the value of a temporary construction easement over a 19,960 square foot area at the south side of the site. The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project. As part of the analysis, we have also considered the potential for severance damages and benefits due to the acquisitions and project.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The current analysis is based on a valuation date of June 7, 2022.

Ryan Morgan, P.E.  
Vallecitos Water District  
June 22, 2022  
Page 2


In accordance with our analysis of applicable market data, we have arrived at the following opinions of fair market value related to the subject larger parcel and the property rights that are proposed to be acquired, as of the indicated valuation date.


|   |             |                        |
|---|-------------|------------------------|
| Value of the Identified Larger Parcel                                     | \$2,400,000 |                        |
| Value of the Part Taken as Part of the Whole                              |             |                        |
| Permanent Easement Rights   | \$747       |                        |
| Site Improvements   | <u>\$0</u>  |                        |
| Total   |             | \$747                  |
| Value of the Remainder as Part of the Whole                               | \$2,399,253 |                        |
| Value of the Remainder before Considering Benefits                        | \$2,399,253 |                        |
| Severance Damages   | <u>\$0</u>  |                        |
| Value of the Remainder Considering Benefits                               | \$2,399,253 |                        |
| Benefits  | <u>\$0</u>  |                        |
| Net Severance Damages   |             | \$0                    |
| Temporary Construction Easement   |             | <u>\$59,470</u>        |
| Total   |             | <u>\$60,217</u>        |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$61,000</u></b> |

The opinions of value expressed herein are subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.

  
\_\_\_\_\_  
David C. Ottley, MAI  
State Certification No. AG002149

  
\_\_\_\_\_  
James Brabant, MAI  
State Certification No. AG002100

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*Anderson & Brabant, Inc.*

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**ADDENDA**

Aerial Photographs of the Market Data

Easement Exhibit (Proposed Subject Easements Highlighted in Purple and Pink)

Qualifications of the Appraisers



**EXECUTIVE SUMMARY**

|                                |  |
|--------------------------------|--|
| <b>Larger Parcel Location:</b> | 643 to 661 Leora Lane<br>San Marcos, California 92069  |
| <b>Legal Description:</b>      | A Portion of Lot 13 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.   |
| <b>Owner of Record:</b>        | San Marcos Hospitality, LLC  |
| <b>Assessor Parcel Nos.:</b>   | 228-360-01-00 to 04-00 and 38-00   |
| <b>Property Description:</b>   | The subject is comprised of a 1.66 acre (72,343 square foot) parcel of land. The project will require the acquisition of a permanent easement over a 45 square foot portion of the site, and also involves the acquisition of a temporary construction easement for a period of 12 months over a 19,960 square foot segment of the land. |
| <b>Zoning:</b>                 | SPA, Specific Plan Area<br>City of San Marcos  |
| <b>General Plan:</b>           | SPA, Specific Plan Area<br>City of San Marcos  |
| <b>Specific Plan:</b>          | Commercial, per Redrock Specific Plan<br>City of San Marcos  |
| <b>Flood Zone:</b>             | According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G, dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.  |
| <b>Earthquake Fault Zone:</b>  | No   |
| <b>Toxic Hazards:</b>          | None noted   |
| <b>Interests Appraised:</b>    | Fee and easement rights  |
| <b>Highest and Best Use:</b>   | Commercial development   |
| <b>Date of Valuation:</b>      | June 7, 2022   |
| <b>Date of Report:</b>         | June 22, 2022  |
| <b>Special Assumptions:</b>    | (see page 3)   |

**EXECUTIVE SUMMARY (continued)**

**FAIR MARKET VALUE CONCLUSIONS:**

|   |             |                        |
|---|-------------|------------------------|
| Value of the Identified Larger Parcel                                     | \$2,400,000 |                        |
| Value of the Part Taken as Part of the Whole                              |             |                        |
| Permanent Easement Rights   | \$747       |                        |
| Site Improvements   | <u>\$0</u>  |                        |
| Total   |             | \$747                  |
| Value of the Remainder as Part of the Whole                               | \$2,399,253 |                        |
| Value of the Remainder before Considering Benefits                        | \$2,399,253 |                        |
| Severance Damages   | <u>\$0</u>  |                        |
| Value of the Remainder Considering Benefits                               | \$2,399,253 |                        |
| Benefits  | <u>\$0</u>  |                        |
| Net Severance Damages   |             | \$0                    |
| Temporary Construction Easement   |             | <u>\$59,470</u>        |
| Total   |             | \$60,217               |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$61,000</u></b> |

**ASSUMPTIONS AND LIMITING CONDITIONS**

**This appraisal is subject to the following special assumptions and limiting conditions:**

1. It is assumed that the existence of significant cultural resources, if any, discovered within the subject parcel will not create any abnormal hardship nor measurably impact market value in conjunction with our determination of highest and best use.
2. The client furnished a plat that illustrates the existence of two easements over the subject larger parcel. One is a sewer easement that extends over the entire southwesterly 15 feet of the site, and the other is a 15 foot wide easement for road purposes that runs along the entire southeast side of the land. In the absence of any documentation to suggest otherwise, for purposes of analysis, the assumption is made that there are no other easements in place that detrimentally impact the value of the property in accordance with its highest and best use.
3. The corners of the proposed acquisition parcels were not staked at the time of the property inspection, and the appraisers estimated the corner locations based on provided maps. It is an assumption of this report that the herein described physical features of the proposed acquisition parcels are reasonably accurate.

**This appraisal is subject to the following general assumptions and limiting conditions:**

1. It is assumed that information furnished to us by our client, including maps, and legal descriptions, is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in full fee interest, subject to all easements of record, as of the date of valuation unless otherwise specified.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs and maps furnished in this report and prepared by the appraiser or a third party are to assist the reader in visualizing the property. No surveys of the property have been made and no responsibility has been assumed in this matter.
5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent the continued use of the property or orderly development of the land as though vacant to its highest and best use under economically feasible conditions.
6. For purposes of this appraisal, it is assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which might be required to discover such factors.
7. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property.


Our value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Our descriptions and resulting comments are the result of the routine observations made during the appraisal process.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may be used for any purpose or by any person other than the party to whom it is addressed without the written consent of Anderson and Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.
9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson and Brabant, Inc.
10. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.
11. The valuation estimate is of surface rights only and the mineral rights, if any, have been disregarded.
12. No warranty is made as to the seismic stability of the subject property.
13. It is assumed that all required licenses, or other legislative or administrative permits from any local, state, or national governmental or private entity or organization can be obtained for any use on which the value estimate contained in this report is based.

**APPRAISER'S SIGNED CERTIFICATION**

**I do hereby certify that, to the best of my knowledge and belief ...**


1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

  
\_\_\_\_\_  
David C. Ottley, MAI  
Certified General Real Estate Appraiser  
BREA Appraiser No. AG002149

**APPRAISER'S SIGNED CERTIFICATION**

**I do hereby certify that, to the best of my knowledge and belief ...**

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
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5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

  
James Brabant, MAI  
Certified General Real Estate Appraiser  
BREA Appraiser No. AG002100

## **INTRODUCTION**

### **IDENTIFICATION OF THE LARGER PARCEL**

The subject is comprised of a 1.66 acre parcel of vacant land located at 643 to 661 Leora Lane, San Marcos, California. The purpose of this appraisal is to estimate the fair market value of proposed permanent and temporary easements over segments of the larger parcel.

#### **Legal Description**

The subject larger parcel is legally described in brief as *A Portion of Lot 13 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.* Additionally, the larger parcel can be identified by reference to Assessor Parcel Numbers 228-360-01-00 to 04-00 and 38-00.

#### **Ownership**

As of the date of value, title to the subject property is held as follows: **SAN MARCOS HOSPITALITY, LLC.**

### **PURPOSE OF THE ASSIGNMENT**

The purpose of this appraisal is to provide an estimate of fair market value for the defined subject larger parcel and to form opinions as to the values of the interests that are proposed for acquisition. As part of the valuation process, we also considered severance damages or benefits, if any, resulting from the acquisition and construction of the project as proposed. As used in this report, **Fair Market Value** is defined as follows:

“(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other will full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable”<sup>1</sup>

### **EFFECTIVE DATE OF VALUE OPINIONS**

The effective date of the value opinions expressed herein is June 7, 2022.

### **DATE OF REPORT**

This date of the appraisal report is June 22, 2022.

---

<sup>1</sup> California Code of Civil Procedure, Title 7, Sec. 1263.320

### **INTENDED USE AND USER**

The intended use of this report is to provide a basis for the client, Vallecitos Water District, to acquire the herein described easement rights. Any other party who may receive this report is not an intended user, and we are not responsible for unauthorized use of this report.

### **PROPERTY RIGHTS APPRAISED**

We have estimated the fair market value of the fee interest in the herein described larger parcel, subject to any easements of record. The results were used as the basis for estimating the value of a proposed permanent easement on the parcel as well as the value of a temporary construction easement over a segment of the site. An easement interest is defined as follows.

**Easement:** “The right to use another’s land for a stated purpose.”<sup>2</sup>

### **GENERAL DEFINITIONS**

**Larger Parcel:** In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.<sup>3</sup>

**Remainder:** In condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.<sup>4</sup>

**Damages:** In condemnation, the loss in value to the remainder in a partial taking of property.<sup>5</sup>

**Benefits:** In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken.<sup>6</sup>

### **EXTRAORDINARY ASSUMPTIONS**

An extraordinary assumption is defined as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraisers’ opinions or conclusions. No extraordinary assumptions were considered in this analysis; nevertheless, this appraisal is subject to certain special and general assumptions as outlined on pages 3 and 4 of this report.

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<sup>2</sup> *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> ed. (Chicago: Appraisal Institute, 2022), p. 58

<sup>3</sup> *Ibid.*, p. 105

<sup>4</sup> *Ibid.*, p. 161

<sup>5</sup> *Ibid.*, p. 48

<sup>6</sup> *Ibid.*, p. 17



### **HYPOTHETICAL CONDITIONS**

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. In our valuation of the larger parcel we have disregarded any project influence as stated below. We have also assumed that the proposed project has been completed in our analysis of the remainder. These are hypothetical conditions that are necessary for reasonable analysis. No other hypothetical conditions were considered in our analysis.

### **PROJECT INFLUENCE**

Our conclusions of fair market value stated in this appraisal do not consider any project influence. The term **Project Influence** as used in this report is defined as follows:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- (a) The project for which the property is taken;
- (b) The eminent domain proceeding in which the property is taken; or
- (c) Any preliminary actions of the plaintiff relating to the taking of the property.

### **SCOPE OF WORK**

Critical elements to this appraisal assignment are the identification of the client(s), intended use and user(s), type and definition of value, the effective date of the appraisal, and assignment conditions. These were addressed previously in this report. Another important element is to include relevant characteristics pertaining to the subject property, which are outlined in detail in a later section of the appraisal.

In preparing this appraisal, the following steps were taken.

- Legal aspects of the subject property were investigated regarding their potential uses within the context of the surrounding area. As such, we reviewed portions of the City of San Marcos land use summaries and requirements.
- We have relied upon information and exhibits provided by the client that identify the property rights that are proposed for acquisition over the subject larger parcel. We also reviewed a preliminary title report, easement plat, and other documents.
- The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.
- The three traditional approaches to value include the Cost, Sales Comparison, and Income Approaches. Of these three, only the Sales Comparison was considered to have specific applicability in the valuation of the subject property. Upon determination of highest and best use, reliable market data were analyzed on the basis of their overall degree of comparability to the appraised property.
- A detailed search of the primary market area of the subject was performed in order collect relevant sales. Sources of data included the County Recorder's office and various

market data services. These data were confirmed with principals, their representatives, or agents.

- We first estimated the value of the defined larger parcel, and the results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.
- The final step entailed the organization and drafting of the Appraisal Report.

### **REPORT OPTION**

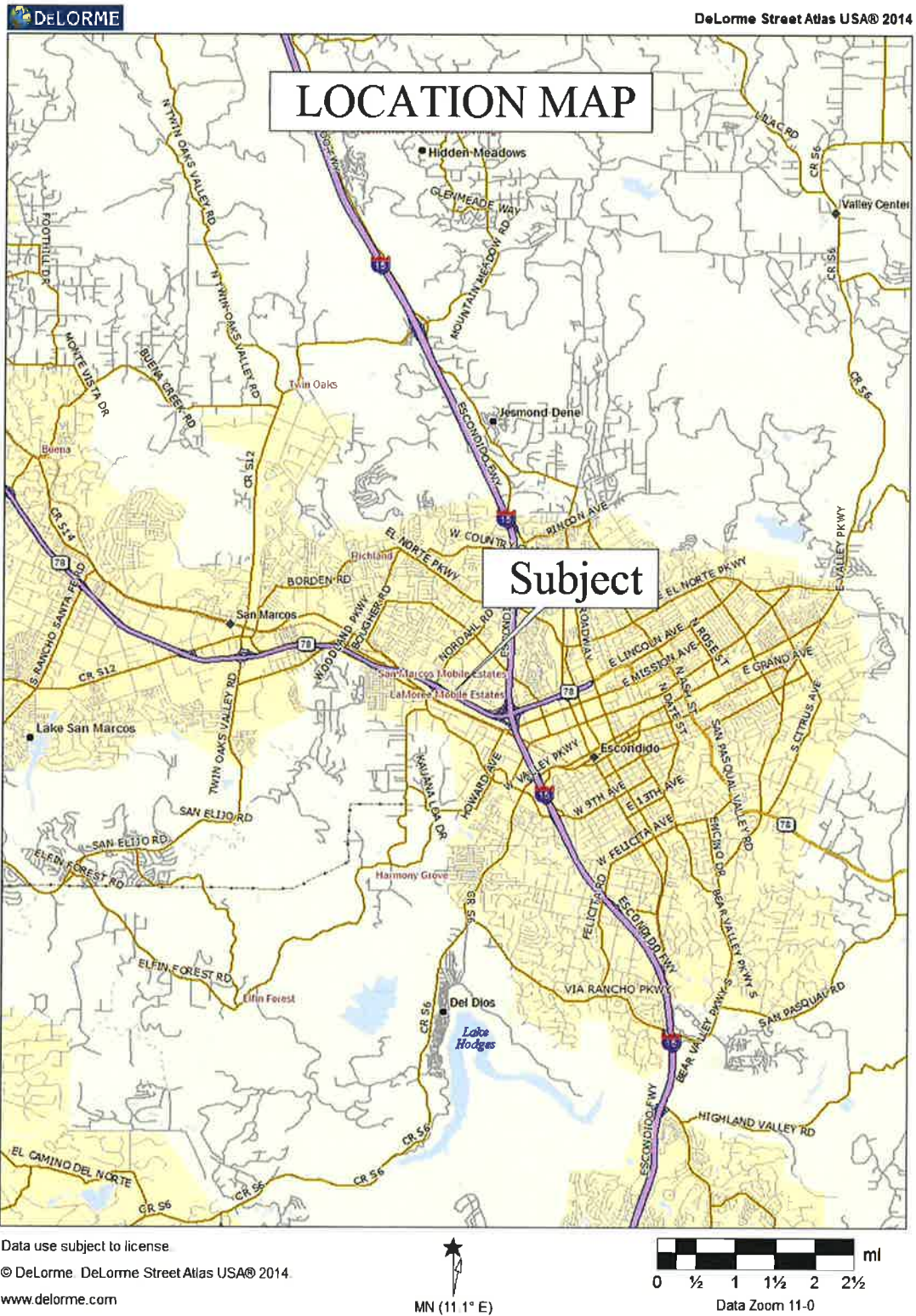
This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). It presents summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinions of value.

### **SALES HISTORY OF THE SUBJECT PROPERTY**

The subject larger parcel was purchased in September 2021 with plans for a new hotel at a price of \$2,400,000. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what conveyed in the transaction. According to public records, the subject property has not been involved with any other conventional sale transfer within the three year period that precedes the date of value in this appraisal. Also, the property is not currently offered for sale.

### **PRIOR APPRAISAL SERVICES**

We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.



## **LOCATION DESCRIPTION**

### **Region**

The subject property is located in the City of San Marcos in North San Diego County, California. San Diego County is the second largest county in the State of California based on population which, as of January 1, 2022, was estimated by the California Department of Finance Demographic Research Unit at 3,387,306 persons. This reflects a slight decrease from the January 1, 2021 total of 3,388,503. The County includes the State's second most populous city and offers such geographic features as mountainous regions of the Cleveland National Forest, the Anza Borrego Desert, the International Border with Mexico, and over 50 miles of Pacific Ocean coastline. Most of the county's population is located along the coastal region, inland valleys, and foothills, within approximately 25 to 30 miles of the ocean.

On a regional basis, San Diego County is served by three major freeways. These include Interstate 5, a coastal route connecting San Diego with Baja California to the south and the states of California, Oregon, and Washington to the north; Interstate 8, a major east-west route connecting San Diego with Arizona and other southwestern states to the east; and Interstate 15, an inland route connecting San Diego with Riverside and San Bernardino Counties and other points to the northeast. There are several important local freeways that provide access within the region. These include Interstate 805 that runs inland from and parallel to Interstate 5; State Route 94, parallel to Interstate 8; State Route 163, connecting Interstate 15 with Downtown San Diego; and State Route 78, the major east-west freeway in northern San Diego County.

San Diego International Airport (Lindbergh Field) is located about 40 miles to the south of the subject and is close to Downtown San Diego. This airport is serviced by 18 commercial airlines and four scheduled air-freight services. There are an additional eight small public airports located throughout the county. There is little commercial air activity at these facilities. Rail service is provided by San Diego and Arizona Eastern Railroad, Santa Fe Railroad, and Amtrak. Industrial/commercial use of the rail lines for freight carriage has declined in San Diego over the past 15+ years. However, the Amtrak line between San Diego and Los Angeles is popular with commuters. The San Diego Trolley (light rail transit system) has opened several commuter routes in the southern and eastern portions of San Diego County that have proven very popular. Individual transit districts throughout the county provide local bus service.

An important factor needs to be addressed that has impacted national, state, and local economic conditions, at least over the short-term. The outbreak of the coronavirus in China in December 2019 and January 2020 spread as a worldwide pandemic and severely impacted the United States, including the State of California. The term "social distancing" became familiar to everyone, and the wearing of face covering masks became common. As a result of the pandemic, many industries were hit hard with some severely impacted including, among others, entertainment, travel, lodging, restaurants, and other types of retail businesses. Millions of employees in the country lost their jobs, much of which can be attributed to businesses being forced to close to comply with social distancing restrictions. The Federal Reserve stepped up in an attempt to offset the economic impact of the virus that began with an emergency half-percentage-point rate cut in early March 2020, and the government later approved stimulus bills into law aimed at relieving workers and businesses hurt by the pandemic. It is clear that the short-term impact of the virus on the economy has been very significant, yet there is little data on

how it will be impacted over time. It should be noted that the unemployment rate appears to be steadily improving over the past 12+ month period. As for real estate, there is limited empirical evidence of an immediate impact on the local market for vacant parcels with the subject characteristics, and it remains to be seen what the long-term impacts might be for that market.

More recently, there have been several other factors that have come into play that, although they may not have had an immediate impact, could affect the market in the future. These include a volatile stock market, high inflation rates, supply chain shortages, and a reduction in the labor market. Although incomes, in general, have increased over the past year or so, the increase has not kept pace with rising prices of real estate, fuel, and general goods and services. In an effort to curb inflation, which has been the highest in nearly 40 years, the Federal Reserve has raised interest rates twice since the beginning of 2022, with additional increases anticipated. The readers of this appraisal are cautioned and reminded that the value conclusions presented herein apply only as of the effective valuation date. The appraisers make no representation as to any impacts on the subject property that could result due to any unforeseen events subsequent to the date of value.

### **Community and Neighborhood**

The City of San Marcos is located about 30 miles north of Downtown San Diego, 95 miles south of Los Angeles, and approximately ten miles inland from the Pacific coast. The City was incorporated in January 1963, and the corporate boundaries currently encompass an area of about 24 square miles, with an additional eight square miles of land area located within the city's sphere of influence. The City is situated along the State Highway 78 freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the county to the north and south. The population of the City as of January 2022 was 93,585, which represents a 0.7 percent increase from the reported population of 92,958 one year earlier.

Primary access to San Marcos is provided by State Highway 78 which is a major transportation corridor that extends in a general east/west direction between Escondido and Interstate 15 to the east and Oceanside and Interstate 5 to the west. This is one of the few major transportation corridors linking the coastal areas to inland North San Diego County. San Marcos can be accessed at various points along the highway including Nordahl Road, Barham Drive, Woodland Parkway, Twin Oaks Valley Road, San Marcos Boulevard, Las Posas Road, and Rancho Santa Fe Road. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community. The most significant and intense shopping facilities in San Marcos are near State Highway 78 at San Marcos Boulevard and Las Posas Road toward the center of the City corporate limits, and at the far easterly extreme of the City off the north side of Highway 78 at Nordahl Road, the location of the subject property. Specifically, the subject is situated between Montiel Road on its northeast side and Highway 78 to the southwest. The area to the north is an older, established residential neighborhood, and a mix of primary and secondary commercial uses are on the subject side of Montiel Road along with some older residential uses. The Highway 78 and Nordahl Road interchange is within one-quarter mile to the west. At the northwest quadrant of that freeway interchange is the Nordahl Marketplace neighborhood shopping center that is anchored by Walmart and Kohl's. Costco is just to the west of the commercial center.

**AERIAL PHOTOGRAPH OF THE SUBJECT LARGER PARCEL**



**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



Looking southeasterly along Montiel Road with the northeast side of the subject larger parcel visible at the right.



View to the southwest along Leora Lane with the subject larger parcel visible at the right.

**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



The two photos on this page were taken from a point near the southwesterly corner of the subject site. The upper photo was directed to the northeast over the subject and toward the location of the proposed permanent and temporary easement parcels, and the lower photo was taken while looking to the southeast over the southernmost segment of the property.





**SUBJECT PROPERTY PHOTOGRAPHS**

(Taken By David C. Ottley, MAI on June 7, 2022)



View to the northwest toward the location of the proposed permanent and temporary easement parcels at the south side of the subject property.



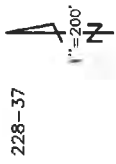
Looking northerly over the center of the subject larger parcel.

643 to 661 Leora Lane, San Marcos, CA

**PLAT MAP - LARGER PARCEL**

04

228-37



DEPT: ABS ✓

| BLK | OLD | NEW TR | CUT  |
|-----|-----|--------|------|
| 370 | 21  | 517    | 6552 |
|     | 22  | 476    | 2312 |
|     | 23  | 478    | 7429 |
|     | 24  | 55     | 4672 |
|     | 25  | 45     | 1171 |
|     | 26  | 47     | 1211 |
|     | 27  | 49     | 1906 |
|     | 28  | 50     | 781  |
|     | 29  | 51     | 3032 |
|     | 30  | 52     | 1118 |
|     | 31  | 53     | 1118 |
|     | 32  | 54     | 1118 |
|     | 33  | 55     | 1118 |
|     | 34  | 56     | 1118 |
|     | 35  | 57     | 1118 |
|     | 36  | 58     | 1118 |
|     | 37  | 59     | 1118 |
|     | 38  | 60     | 1118 |
|     | 39  | 61     | 1118 |
|     | 40  | 62     | 1118 |
|     | 41  | 63     | 1118 |
|     | 42  | 64     | 1118 |
|     | 43  | 65     | 1118 |
|     | 44  | 66     | 1118 |
|     | 45  | 67     | 1118 |
|     | 46  | 68     | 1118 |
|     | 47  | 69     | 1118 |
|     | 48  | 70     | 1118 |
|     | 49  | 71     | 1118 |
|     | 50  | 72     | 1118 |
|     | 51  | 73     | 1118 |
|     | 52  | 74     | 1118 |
|     | 53  | 75     | 1118 |
|     | 54  | 76     | 1118 |
|     | 55  | 77     | 1118 |
|     | 56  | 78     | 1118 |
|     | 57  | 79     | 1118 |
|     | 58  | 80     | 1118 |
|     | 59  | 81     | 1118 |
|     | 60  | 82     | 1118 |
|     | 61  | 83     | 1118 |
|     | 62  | 84     | 1118 |
|     | 63  | 85     | 1118 |
|     | 64  | 86     | 1118 |
|     | 65  | 87     | 1118 |
|     | 66  | 88     | 1118 |
|     | 67  | 89     | 1118 |
|     | 68  | 90     | 1118 |
|     | 69  | 91     | 1118 |
|     | 70  | 92     | 1118 |
|     | 71  | 93     | 1118 |
|     | 72  | 94     | 1118 |
|     | 73  | 95     | 1118 |
|     | 74  | 96     | 1118 |
|     | 75  | 97     | 1118 |
|     | 76  | 98     | 1118 |
|     | 77  | 99     | 1118 |
|     | 78  | 100    | 1118 |

1" = 200'  
PDR PAR 8A  
SSE MAP 804-37-40D

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

MAP 806 - R/O LOS VALLECITOS DE SAN MARCOS  
POR BLY. 7  
ROS 4963,4964,5418,12719,17347, 20350, 20852



SAN DIEGO COUNTY ASSESSOR'S MAP 81 228 98 37

Anderson & Brabant, Inc.

**DESCRIPTION OF THE LARGER PARCEL**

**LAND DESCRIPTION**

**Land Area/Shape**

The subject larger parcel is 1.66 acres (72,343 square feet) in size, according to County of San Diego Assessor records. As can be seen on the plat on page 18, the site is rectangular in configuration.

**Topography/Drainage**

The subject larger parcel slopes gently downward from northeast to southwest. We did not detect any evidence of site drainage concerns.

**Soils/Environmental Conditions**

We were not furnished with any recently prepared studies relating to subsurface soil conditions associated with the subject property. As part of this appraisal analysis, we have assumed that soil conditions are adequate to allow legally permitted uses of the property in accordance with its estimated highest and best use.

**Utilities**

All public utilities are available to the subject larger parcel. These include water, sewer, electrical power, natural gas, and cable.

**Streets**

The appraised larger parcel directly fronts on the south side of Montiel Road, an asphalt paved, two lane public street with no other street improvements in place at the subject location. Leora Lane, a private, asphalt paved roadway in poor condition, runs along the southeast boundary of the site.

**Land Use**

The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Redrock Specific Plan and is set aside for commercial use.

**Flood Zone**

According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.

**Earthquake Zone**

The subject property is not within an Earthquake Fault Zone as designated by the California State Division of Mines and Geology. However, the property is located in an area that is prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

**Easements/Encumbrances**

The client furnished a plat that illustrates the existence of two easements over the subject larger parcel. One is a sewer easement that extends over the entire southwesterly 15 feet of the site, and the other is a 15 foot wide easement for road purposes that runs along the entire southeast side of the land at the location of Leora Lane. In the absence of any documentation to suggest otherwise, for purposes of analysis, the assumption is made that there are no other easements in place that detrimentally impact the value of the property in accordance with its highest and best use.

**DESCRIPTION OF THE IMPROVEMENTS**

The subject is comprised of a structurally improved parcel of land.

**ASSESSMENT DATA**

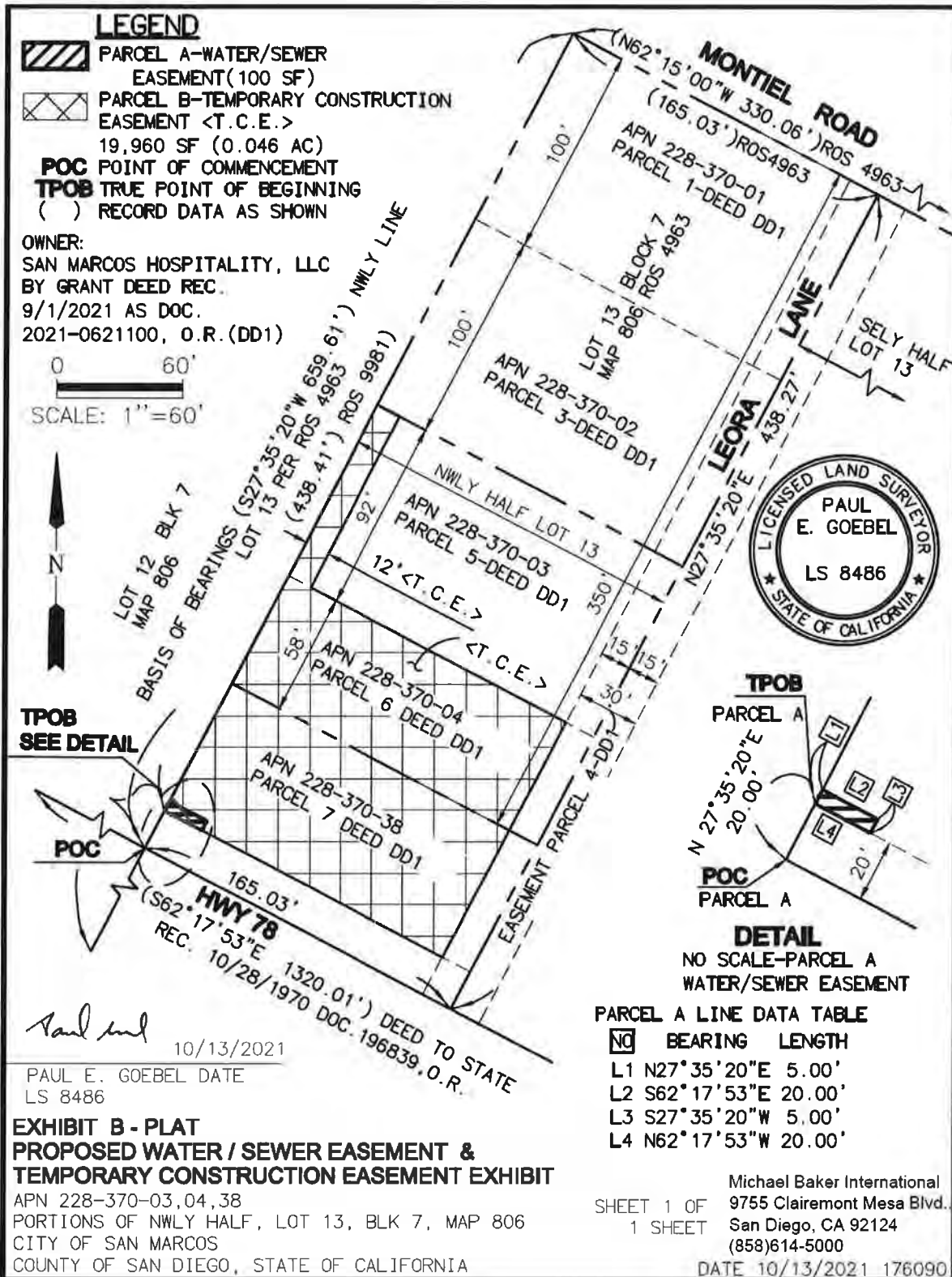
| Assessor Parcel No. | Tax Rate Area | ASSESSED VALUES |              |             | 2021/2022 Taxes |
|---------------------|---------------|-----------------|--------------|-------------|-----------------|
|                     |               | Land            | Improvements | Total       |                 |
| 228-370-01-00       | 13115         | \$580,000       | \$0          | \$580,000   | \$6,496.60      |
| 228-370-02-00       |               | \$540,000       | \$0          | \$540,000   | \$6,050.35      |
| 228-370-03-00       |               | \$480,000       | \$0          | \$480,000   | \$5,380.96      |
| 228-370-04-00       |               | \$310,000       | \$0          | \$310,000   | \$3,484.36      |
| 228-370-38-00       |               | \$490,000       | \$0          | \$490,000   | \$5,492.53      |
| Totals              |               | \$2,400,000     | \$0          | \$2,400,000 | \$26,904.80     |

**PROJECT DESCRIPTION**

The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southwest side of the subject site.

**DESCRIPTION OF THE PARCELS TO BE ACQUIRED**

The acquisitions include a proposed permanent easement for sewer and water lines and related improvements over a triangular shaped area covering 45 square feet toward the southwest corner of the larger parcel, and a temporary construction easement (TCE) over a 19,960 square foot area at the south side of the site, as shown on the plat on page 21. As designed, the 19,960 square feet include the area of the proposed 45 square foot permanent easement. The configuration of the proposed permanent easement is illustrated in red on the plat on page 21 and replaces a previously planned rectangular design with dimensions of 5 feet by 20 feet. The current configuration is a triangle with dimensions of 6 feet by 15 feet on the two sides that meet at a right angle. The proposed permanent easement is adjacent to the north of an existing sewer easement that encumbers the southwest side of the property. The TCE will accommodate the construction of sewer improvements at this location. As part of the analysis, we have considered the potential for severance damages and benefits due to the acquisitions and project construction.



**DESCRIPTION OF THE REMAINDER PARCEL**

The gross area of the subject larger parcel will be unchanged as the result of the project and permanent acquisition. However, the fee owner will relinquish some rights of use over the area to be encumbered with the permanent and temporary easements.

**OWNER CONTACT AND PROPERTY INSPECTION**

On June 8, 2022, David C. Ottley of Anderson and Brabant, Inc. contacted Enrique Terrazas, a representative of the property ownership by telephone regarding the need to conduct an appraisal of the larger parcel and proposed easement rights. An invitation was extended to meet with the appraisers on the parcel, and details of the proposed use of the property and the appraisal process were discussed at that time. Mr. Terrazas indicated that it was acceptable for the appraisers to conduct an onsite visit of the property without being accompanied by a representative of the ownership. The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.

## VALUATION

### HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. Highest and Best Use is defined in *The Appraisal of Real Estate* as:

“The reasonably probable use of property that results in the highest value.”<sup>7</sup>

The concept of highest and best use addresses the question of legally permissible, physically possible, and financially feasible uses that reflect the degree of profitability. Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

**Legally Permissible:** The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Redrock Specific Plan and is set aside for commercial use.

**Physically Possible:** The subject larger parcel is comprised of a gently sloping, 1.66 acre parcel of land that is rectangular in configuration. All public utilities are immediately available at the site, which fronts on a paved public street and a private road. Development of the site as if vacant is not limited to any notable degree by its physical features. However, we were informed that approvals were granted to develop the land with a hotel which would require the undergrounding of utilities as a condition of approval.

**Financially Feasible:** The issue of economic viability primarily focuses on supply and demand characteristics of the local marketplace as it relates to land suitable for commercial development. In general, any proposed use that supports a positive land value is considered financially feasible. We have determined that development of the subject with a commercial use represents the most financially feasible use of the land.

**Conclusion:** In accordance with the observed characteristics of the subject, it is our opinion that the highest and best use of the property is a commercial venture that aligns with the underlying land use criteria and existing development in the immediate area.

### VALUATION METHODOLOGY

Of the three common valuation techniques, only the Sales Comparison Approach was considered to be pertinent in the analysis of the defined subject larger parcel. Neither the Cost Approach nor Income Approach was considered applicable or useful in the valuation process. The Sales Comparison Approach relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. Sales of similar properties are analyzed based on direct comparison with the subject to arrive at an indication of value. The results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.

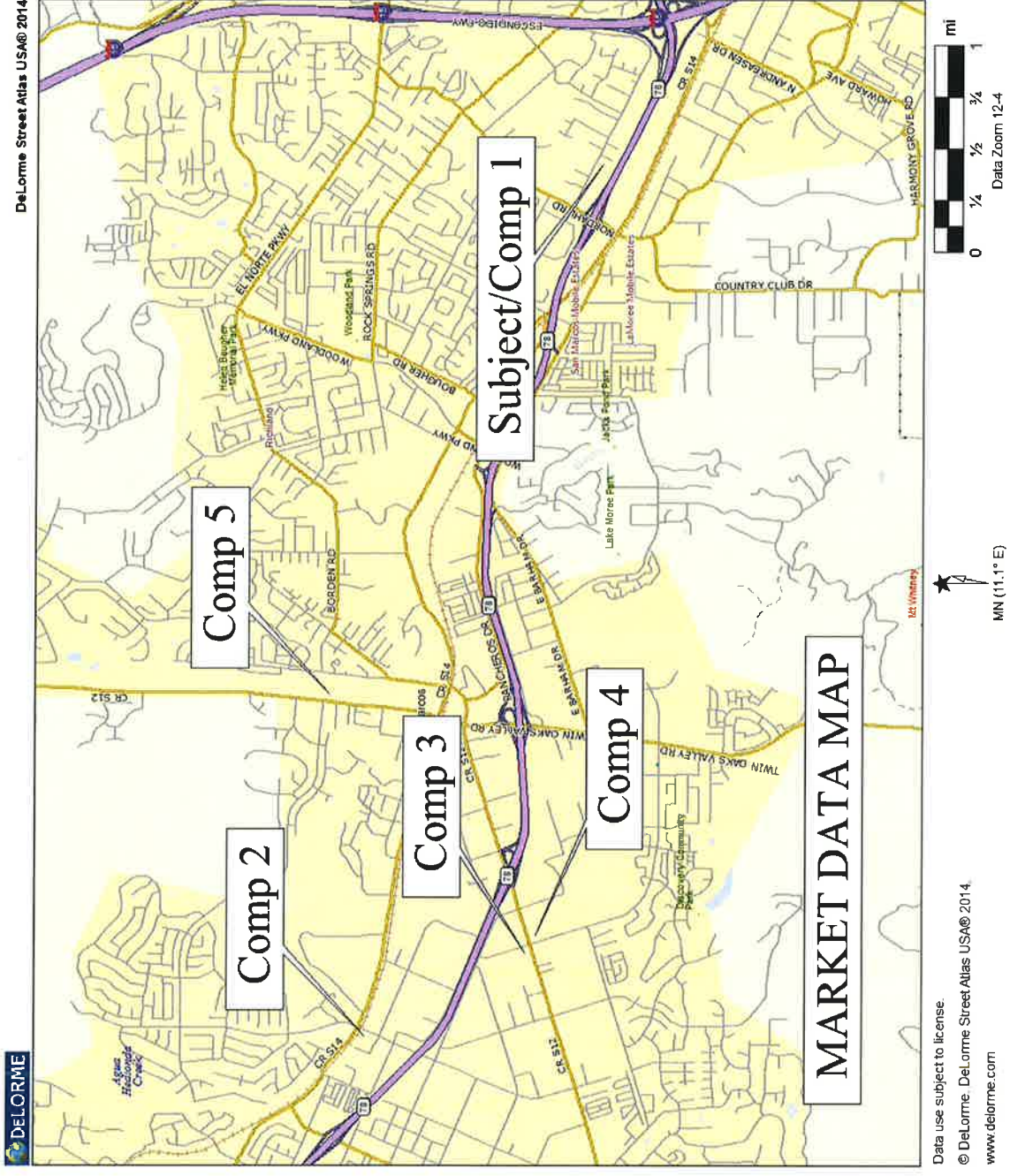
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<sup>7</sup> *The Appraisal of Real Estate*, 15<sup>th</sup> ed. (Chicago: Appraisal Institute, 2020), p. 305

**SALES COMPARISON APPROACH – LARGER PARCEL**

After carefully investigating the marketplace, we selected five items of market data for purposes of analysis. The sales occurred between May 2019 and April 2022, and they are considered to be the best available data to properly analyze the value of the subject larger parcel by the Sales Comparison Approach. What is described as Sale 1 is the September 2021 purchase of the subject property by the current owner. The five selected items of data are summarized on a grid on page 26, and a data location map is on page 25. The summary of market data is followed by a discussion of the comparables and a grid that illustrates the adjustments made for relative differences between the subject and those properties. The unit of comparison is the price per square foot of land area. Aerial photographs of the comparables are included in the addenda to this report.





| Summary of Market Data |  |   |   |   |   |
|------------------------|--|---|---|---|---|
| Comp No                | 1 (Subject)  | 2   | 3   | 4   | 5   |
| Location               | 643-661 Leora Ln<br>San Marcos   | 200 N Las Posas Rd<br>San Marcos  | 1284 W San Marcos Blvd<br>San Marcos                                    | SEC W San Marcos Blvd<br>& S Bent Ave<br>San Marcos   | SEC N Twin Oaks Valley Rd<br>& Borden Rd<br>San Marcos  |
| APN's                  | 228-370-01 to 04 & 38  | 219-122-03  | 219-331-46  | 219-270-60  | 220-050-09  |
| Sale Date              | Sep-21   | Apr-22  | Nov-19  | May-19  | Jul-19  |
| Doc No                 | 621100   | 166896  | 553069  | 198313  | 296107  |
| Buyer                  | San Marcos Hospitality LLC   | San Marcos Realty LLC   | Patriot San Marcos LLC  | Pinter  | M5 Twin Oaks LLC  |
| Seller                 | JR Legacy II LLC   | Schreiber Trust   | LND LLC   | Berger Family Trust   | The Namou Group LLC   |
| Land Area (SF)         | 72,343   | 71,874  | 37,026  | 23,958  | 88,862  |
| Zone                   | SPA<br>City of San Marcos  | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   |
| General Plan           | SPA (Commercial)<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   | C<br>City of San Marcos   |
| Topography             | Level to gently sloping  | Level   | Level   | Level   | Level to gently sloping   |
| Access                 | Paved street frontage  | Paved street frontage   | Paved street frontage   | Paved street frontage   | Paved street frontage   |
| Utilities              | All available  | All available   | All available   | All available   | All available   |
| Improvements           | None   | None  | None  | None  | None  |
| Sale Price             | \$2,400,000  | \$1,900,000   | \$1,500,000   | \$1,100,000   | \$1,700,000   |
| Sale Terms             | All cash to seller   | All cash to seller  | All cash to seller  | All cash to seller  | All cash to seller  |
| Price/SF               | \$33.18  | \$26.44   | \$40.51   | \$45.91   | \$19.13   |
| Comments               | Conveyed with plans for hotel with conditions of approval requiring undergrounding of utilities. | Separated from corner of signalized intersection by railway. Mixed-use designated site planned for development with convenience store, gas station, and car wash. | Corner of signalized intersection. Since developed with commercial use. | Corner of signalized intersection. Purchased by investor with plans for a ground lease or build-to-suit project to a national tenant. | Corner of signalized intersection. Entirely within 100 year floodplain. The site conveyed from the City of San Marcos for \$1,217,000 and immediately spun off to another buyer for the indicated price of \$1,700,000. |

**Discussion of the Data**

**Comparable No. 1** relates to the September 2021 purchase of the subject property by the current titleholder. It conveyed with plans for a new hotel, a use that would require the undergrounding of utilities as a condition of approval. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what was previously approved. The property sold at a price of \$2,400,000 or \$33.18 per square foot of land area, all cash to the seller.

**Comparable No. 2** is the April 2022 sale of a level, 71,874 square foot (1.65 acre) parcel designated for mixed-use (commercial and residential) development located five+ miles to the northwest of the subject in San Marcos at 200 North Las Posas Road. A railway runs along the north side of the site, which is near Palomar Community College. The property is planned for development with a convenience store, gas station, and car wash. It conveyed at a price of \$1,900,000 or \$26.44 per square foot of land area, all cash to the seller. Sale 2 is inferior to the appraised property for location, and it is superior for site condition and for not requiring the undergrounding of utilities like the subject.

**Comparable No. 3** is the November 2019 sale of a level, 37,026 square foot (0.85 acre) commercial parcel located less than four miles to the west of the subject in San Marcos at the northwest corner of West San Marcos Boulevard and Bent Avenue (address of 1284 West San Marcos Boulevard). This site is situated at the corner of a busy, signalized intersection. Since the purchase, the parcel has been improved with a commercial use. The sale price was \$1,500,000 or \$40.51 per square foot of land area, and the seller was cashed out in the transaction. When compared with the subject, Sale 1 is a smaller property that is superior for location and commercial exposure, site condition, and for ready access to all public utilities. We also applied an upward adjustment to reflect changes in market conditions between the sale date and the date of value.

**Comparable No. 4** involves a 23,958 square foot (0.55 acre), level, commercial site situated on the corner opposite to Sale 3 in San Marcos. The parcel sold in May 2019 for \$1,100,000 or \$45.91 per square foot of land area, all cash to the seller. It was acquired by an investor with plans to lease the ground or for a build-to-suit project leased to a national tenant. By comparison with the subject, Sale 4 is a smaller site that is considered to be superior for location and commercial exposure, site condition, and for not requiring the undergrounding of utilities. An upward adjustment was made for the 2019 sale date.

**Comparable No. 5** is the July 2019 sale of a 88,862 (2.04 acre), level to gently sloping commercial site located in San Marcos at the southeast corner of the signalized intersection of North Twin Oaks Valley Road and Borden Road, less than three miles to the northwest of the appraised property. The parcel is entirely within a 100 year floodplain. It conveyed from the City of San Marcos for \$1,217,000, and was immediately resold to another buyer (Sale 5) for \$1,700,000 or \$19.13 per square foot, all cash to the seller. The intended use was not disclosed. When compared with the subject, Sale 5 is inferior for location and site condition and superior for ready access to all public utilities.

**Analysis of the Data and Conclusion of Value**

The discussed market data have been analyzed based on our conclusion of highest and best use for the subject land. The elements of comparison that were considered in the Sales Comparison Analysis include property rights conveyed, financing terms, conditions of sale, market conditions, location, access, site condition (ie: topography, configuration, and usability), parcel size, land uses, and availability of public utilities. No adjustments were necessary for property rights conveyed or conditions of sale. Financing was not a factor for any of the sales considered in this analysis as the sellers were cashed in all of the transactions. We found insufficient data to suggest price increases of significance within the approximate two year period preceding the date of value during which time Sale 1 (the subject) and Comparable No. 2 occurred. However, based on various data sources, market prices were rising at a rate of at least three percent and as much as six percent annually between mid-2019 and mid-2020 when Comparables 3 through 5 conveyed. Adjustments were applied to the data to account for this factor. Regarding parcel size, smaller sites tend to attract a greater per square foot price than larger parcels that are otherwise similar. This is due, in part, to the greater number of potential buyers of those properties that have a lower overall cost. In this instance, it is noted that we found no support for quantifiable adjustments due to size differences between the subject (Sale 1, a 72,343 square foot site) and Sales 2 and 5, which range in size from 71,874 and 88,862 square feet. Downward adjustments were applied to the other two items of data, which are smaller at 23,958 to 37,026 square feet in size.

The following is a summary of adjustments made to the comparables that reflect noted differences between those properties and the subject larger parcel.

|                                       |                       |         |         |         |         |         |
|---------------------------------------|-----------------------|---------|---------|---------|---------|---------|
| <b>Land Sale Data Adjustment Grid</b> | Comp No               | 1       | 2       | 3       | 4       | 5       |
|                                       | Price/SF              | \$33.18 | \$26.44 | \$40.51 | \$45.91 | \$19.13 |
|                                       | Property Rights       | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
|                                       | Financing             | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
|                                       | Conditions of Sale    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
|                                       | Market Conditions     | 0.0%    | 0.0%    | 4.0%    | 7.0%    | 6.0%    |
|                                       | Net Adjustment        | 0.0%    | 0.0%    | 4.0%    | 7.0%    | 6.0%    |
|                                       | Adjusted Value/SF     | \$33.18 | \$26.44 | \$42.13 | \$49.13 | \$20.28 |
|                                       | Location/Access       | 0.0%    | 15.0%   | -15.0%  | -15.0%  | 25.0%   |
|                                       | Topo/Usability/Config | 0.0%    | -5.0%   | -5.0%   | -5.0%   | 45.0%   |
|                                       | Parcel Size           | 0.0%    | 0.0%    | -5.0%   | -10.0%  | 0.0%    |
|                                       | Land Use              | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
|                                       | Utilities             | 0.0%    | -5.0%   | -5.0%   | -5.0%   | -5.0%   |
|                                       | Net Adjustment        | 0.0%    | 5.0%    | -30.0%  | -35.0%  | 65.0%   |
|                                       | Indicated Value/SF    | \$33.18 | \$27.76 | \$29.49 | \$31.93 | \$33.46 |

Prior to adjustments, the market data reflected unit prices ranging from \$19.13 to \$45.91 per square foot. After adjusting the data for relative differences, the properties support a value range for the subject larger parcel of \$27.76 to \$33.46 per square foot. The median indicated

value is \$31.93 per square foot. Greatest weight was placed on the recent sale of the subject (Comparable No. 1). Based on our analysis of the data and considering the overall legal and physical attributes of the appraised property as well as the definition of value employed herein, it is our opinion that the fair market value of the 1.66 acre (72,343 square foot) larger parcel, as of June 7, 2022, is equal to the recent purchase price of \$2,400,000, which equate to \$33.18 per square foot of land area.

**VALUATION OF THE PERMANENT EASEMENT RIGHTS TO BE ACQUIRED**

As indicated previously, we first estimated the value of the larger parcel, and the result was then used as the basis for estimating the value of proposed permanent easement rights to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site. The acquisitions include a proposed permanent easement over a triangular shaped segment of land covering 45 square feet area near the southwest corner of the larger parcel, and a temporary construction easement (TCE) over a 19,960 square foot area at the south side of the site, as shown on the plat on page 21.

We estimated the value of the subject larger parcel to be equal to \$33.18 per square foot. As illustrated on the plan on page 21, the proposed permanent easement is positioned at the far southwest corner of the subject property. In our opinion, the value of the proposed easement rights over the 45 square foot area to be encumbered is equal to about 50 percent of the average unencumbered per square foot value of the larger parcel. The area has limited utility in the before condition beyond being considered in setback calculations. Based on the preceding, we have concluded that the fair market value of the 45 square foot easement acquisition parcel is \$747. This is computed in the following manner: 45 square feet x \$33.18 per square foot x 50 percent = \$747.

**Improvements**

The area of the proposed easement parcel to be acquired is unimproved.

**VALUATION OF THE REMAINDER PARCEL AS PART OF THE WHOLE**

The value of the remainder parcel as part of the whole is equal to the value of the remainder before consideration of damages and benefits. This is simply a mathematical calculation in which the value of the permanent easement parcel to be acquired of \$747 is deducted from the value of the larger parcel in the before condition. Thus, the value of the remainder parcel as part of the whole is estimated as follows.

|  |                    |
|--|--------------------|
| Value of the Identified Larger Parcel – Before Condition | \$2,400,000        |
| Value of the Permanent Easement Parcel to be Acquired    | \$ 747             |
| Value of the Improvements Within the Easement Boundaries | <u>\$ 0</u>        |
| Value of the Remainder as Part of the Whole              | <u>\$2,399,253</u> |

**VALUATION OF THE REMAINDER BEFORE CONSIDERATION OF BENEFITS**

We next considered the impact on value to the remainder parcel resulting from the project and acquisition of the proposed permanent and temporary easement parcels. The value of the remainder parcel before consideration of benefits provides an indication of any loss in value, or

damages, accruing to the remainder due to the acquisition or project construction. Damages might occur if the acquisitions resulted in diminished utility of the remainder parcel.

We first investigated if and/or how the project and permanent easement acquisition may impact development of the property during or subsequent to the project construction. Based on all known factors, it is our opinion that the acquisition and project will not affect the highest and best use of the remainder parcel in the after condition. We have also concluded that the value of the remainder parcel before consideration of benefits is equal to its value as part of the whole. Consequently, no damages accrue to the remainder.

### **VALUATION OF THE REMAINDER AFTER CONSIDERATION OF BENEFITS**

Since no damages accrue to the remainder, benefits are not applicable and have not been estimated.

### **VALUATION OF TEMPORARY CONSTRUCTION EASEMENT**

A temporary construction easement (TCE) is commonly secured to accommodate construction activity, typically for a proposed public agency right-of-way project. This particular acquisition will extend over a 19,960 square foot area of the larger parcel at its south side (please see the plat on page 21). The proposed easement rights will constrain the owner's use of the land area it encumbers for a period of 12 months, and the area will be utilized to assist in the project construction. It is our understanding that the owner has not yet submitted for approvals from all related agencies for development of the site, and it appears that the project, if commenced within the near term, will not impede development.

A TCE is typically valued as a rental of the land for a finite period, after which the previous, legally allowed utility of the encumbered area is returned to the underlying fee owner. The rental value is derived by applying an appropriate rate of return to the estimated land value, the conclusion of which is then adjusted for the period of time required for the temporary encroachment. Rates of return vary from property to property and jurisdiction to jurisdiction based on use and in most instances, negotiations between lessor and lessee usually results in some middle ground agreement that effectively changes any rates established by policy. Our research into the private market revealed opinions that in today's low interest rate environment rates of return on land value in the 7.00 to 8.00 percent range are achievable. Reported rates sought by numerous institutional entities are summarized below.

|                                     |               |
|-------------------------------------|---------------|
| Port District of San Diego          | 9.5%          |
| Port of Long Beach, CA              | 10.0%         |
| City of Los Angeles/Harbor District | 10.0%         |
| Port of Oakland, CA                 | 10.0%         |
| Port of San Francisco               | 10.0%         |
| San Francisco Int. Airport          | 8.0%          |
| Ontario Int. Airport                | 9.0%          |
| California State Lands Commission   | 9.0%          |
| Local Interviews                    | 8.5% to 10.0% |

These rates reflect not only the most recent lease negotiations, but many relate to long-standing policies without changes for many years. The higher rates are generally for industrial uses while some of the lower rates at airports are for commercial uses. None of the above rates reflect the changing current market and we suspect that any newly negotiated deal would be at or near the mid-point of these rates. For purposes of this analysis, we have concluded that the current market will support a rate of return for a short-term interest in the appraised property of 9.0 percent on land value.

Rent is typically paid in advance on a monthly or annual basis. In this case, the payment for these rights is assumed to be made in a lump sum at the beginning of the term. The estimated fee value for the land underlying the proposed temporary construction area is estimated to be \$33.18 per square foot, the average per square foot value for the larger parcel. During the construction period the owner will have limited use of the encumbered area.

The value of the 19,960 square foot temporary construction easement is based on a value of \$33.18 per square foot of land area, and it is calculated by applying a 9.0 percent annual return on the value of the impacted land. Inasmuch as the 19,960 square feet include the 45 square foot area to be encumbered with the permanent easement, the area to be valued in the TCE analysis excludes the 45 square feet to ensure there is no doubling of value. Thus, this analysis is calculated based on the net of 19,915 square feet (19,960 – 45 square feet = 19,915 square feet). In accordance with the preceding, the value of the proposed temporary construction easement is estimated to be **\$59,470** (19,915 square feet x \$33.18 per square foot x 9.0 percent x 12 months = \$59,470). This constitutes the total estimated value of the rights over for a 12 month period, and computes to \$4,955.83 per month.

### **SUMMARY OF CONCLUSIONS**

Per our analysis, we have concluded that the total fair market value relating to the rights to be acquired over the subject property, set forth as of June 7, 2022, is as follows:

|   |             |                        |
|---|-------------|------------------------|
| Value of the Identified Larger Parcel                                     | \$2,400,000 |                        |
| Value of the Part Taken as Part of the Whole                              |             |                        |
| Permanent Easement Rights   | \$747       |                        |
| Site Improvements   | <u>\$0</u>  |                        |
| Total   |             | \$747                  |
| Value of the Remainder as Part of the Whole                               | \$2,399,253 |                        |
| Value of the Remainder before Considering Benefits                        | \$2,399,253 |                        |
| Severance Damages   | <u>\$0</u>  |                        |
| Value of the Remainder Considering Benefits                               | \$2,399,253 |                        |
| Benefits  | <u>\$0</u>  |                        |
| Net Severance Damages   |             | \$0                    |
| Temporary Construction Easement   |             | <u>\$59,470</u>        |
| Total   |             | \$60,217               |
| <b>Fair Market Value of Property Rights to be Acquired, Rounded up to</b> |             | <b><u>\$61,000</u></b> |

# **Addenda**

Aerial Photographs of the Market Data  
Preliminary Title Report  
Draft Deed with Legal Descriptions – Proposed Easement Parcels  
Qualifications of the Appraisers



*643 to 661 Leora Lane, San Marcos, CA*

**COMPARABLE NO. 1 (Subject)**  
**643-661 Leora Lane, San Marcos**



*Anderson & Brabant, Inc.*

643 to 661 Leora Lane, San Marcos, CA

**COMPARABLE NO. 2**

200 North Las Posas Road, San Marcos

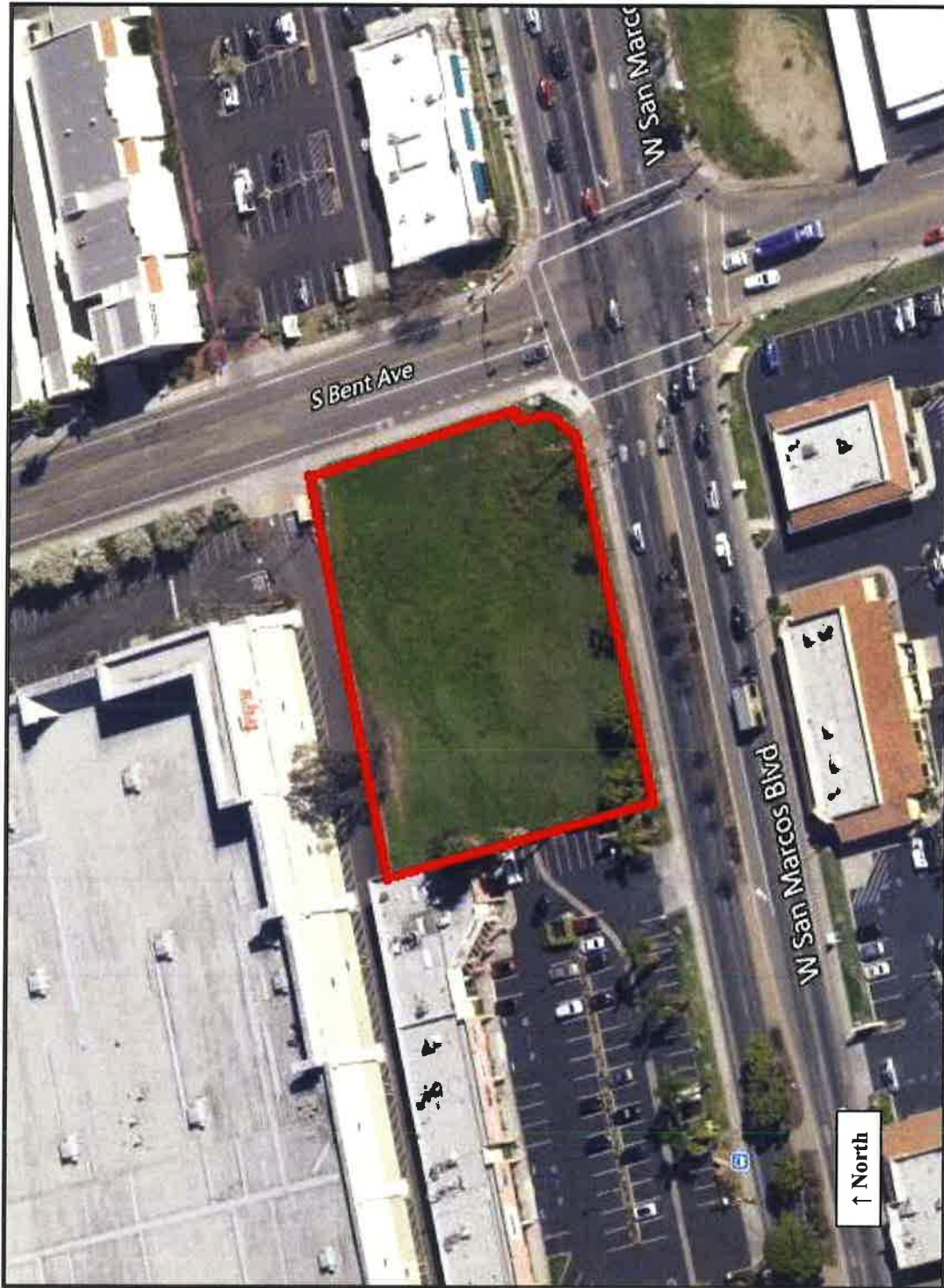


Anderson & Brabant, Inc.

643 to 661 Leora Lane, San Marcos, CA

**COMPARABLE NO. 3**

1284 West San Marcos Boulevard, San Marcos



*Anderson & Brabant, Inc.*

643 to 661 Leora Lane, San Marcos, CA

**COMPARABLE NO. 4**

Southeast corner of West San Marcos Boulevard and South Bent Avenue, San Marcos

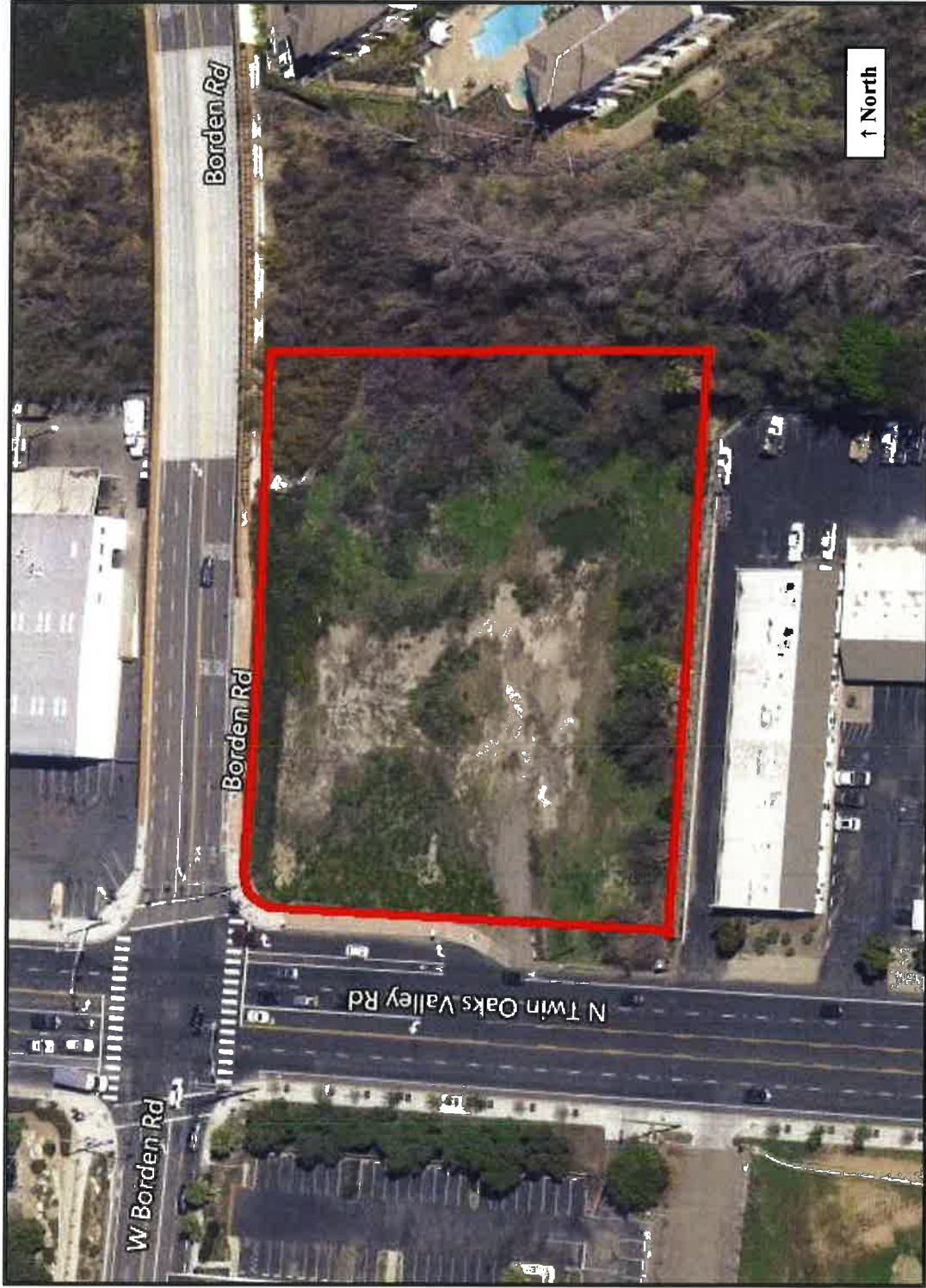


Anderson & Brabant, Inc.

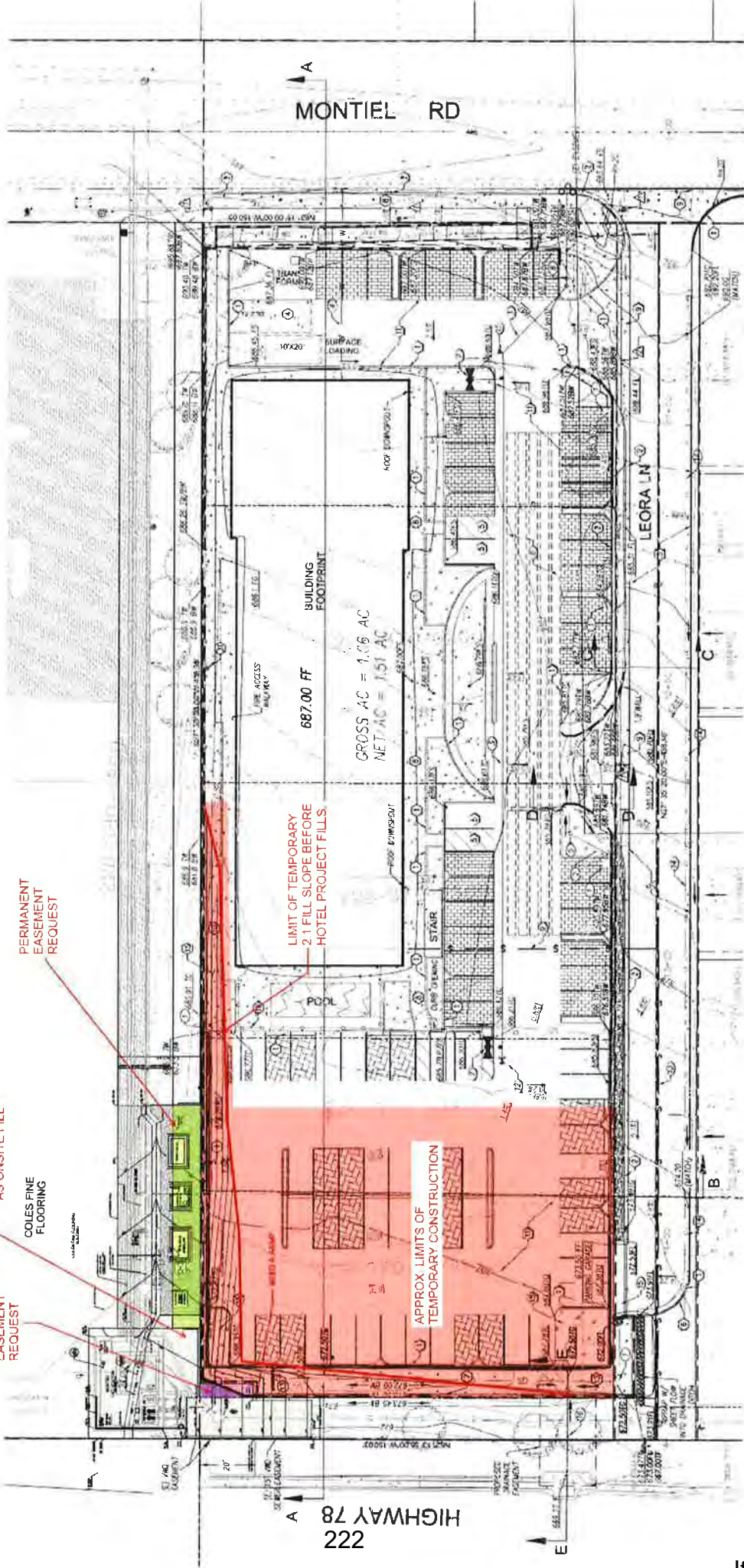
643 to 661 Leora Lane, San Marcos, CA

**COMPARABLE NO. 5**

Southeast corner of Twin Oaks Valley Road and Borden Road, San Marcos



Anderson & Brabant, Inc.



MONTIEL RD

LEORA LN

HIGHWAY 78  
222

A

A

C

B

E

POTENTIAL TO STOCKPILE EXCAVATION SOIL AND ROCK FOR USE AS ONSITE FILL

PERMANENT EASEMENT REQUEST

COLES FINE FLOORING

PERMANENT EASEMENT REQUEST

LIMIT OF TEMPORARY 2:1 FILL SLOPE BEFORE HOTEL PROJECT FILLS

APPROX. LIMITS OF TEMPORARY CONSTRUCTION

687.00 FF

GROSS AC = 1.06 AC  
NET AC = 1.51 AC

BUILDING FOOTPRINT

10X20

TRUCK PARKING

SURFACE LOADING

ROOF DRAINAGE

STAIR

POOL

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## **QUALIFICATIONS OF THE APPRAISER**

**David C. Ottley, MAI**

Anderson & Brabant, Inc.

353 West Ninth Avenue, Escondido, CA 92025

760.705.1615

Resident of San Diego County since 1954

### **Educational Background**

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Brigham Young University, Provo, Utah - School of Accountancy (1982-83)

Palomar College, San Marcos, CA - Real Estate emphasis (1976-77; 1980-81)

Professional Education Completed:

Appraisal Institute:

- Case Studies in Real Estate Valuation (1988)
- Valuation Analysis and Report Writing (1988)
- Real Estate Appraisal Principles; and Basic Valuation Procedures (1988)
- Capitalization Theory and Techniques, Parts A & B (1986)
- Real Property Valuation (1977)

Partial List of Recent Seminars and Webinars:

- Appraisal Review (2022)
- Eminent Domain and Condemnation (2021, 2005)
- Uniform Appraisal Standards for Federal Land Acquisitions (2015, 2017)
- San Diego Real Estate Market Symposium, Economic Forecast/Forum (1998-2002; 2004-2012; 2017; 2021)
- Business Practices and Ethics (2010, 2015, 2017)
- Federal and State Laws and Regulations (2014, 2016, 2018)
- Mold, Pollution, and the Appraiser (2014)
- Uniform Standards of Appraisal Practice Update (2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022)
- Loss Prevention Seminar (2011 and 2013)
- Liability Issues for Appraisers Performing Litigation Work (2013)
- Complex Litigation Appraisal Case Studies (2013)
- IRWA Eminent Domain Seminar (2012)
- Appraising in a Post-HVCC World (2011)
- San Diego Housing and Apartment Seminar (2004, 2007, 2009)
- The Appraiser as an Expert Witness (2006)

### **Professional Affiliations**

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MAI Member, Appraisal Institute

Certified General Real Estate Appraiser (AG002149), Bureau of Real Estate Appraisers, State of California

### **Professional Real Estate Experience**

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Appraiser/Consultant, Anderson & Brabant, Inc., Escondido, CA - 01/85 to 03/98; 06/01 to 02/05; 02/06 on

V.P. of Acquisitions, Maisel Presley, Inc., San Diego, CA - 02/05 to 02/06

Director of Finance & Acquisitions, Pacifica Companies, San Diego, CA - 04/98 to 06/01

Appraiser/Analyst, Dodd-Graves & Associates, Escondido, CA - 06/76 to 04/77; & 11/79 to 12/84

Staff Appraiser, Financial Appraisals, Inc., Escondido, CA - 04/77 to 08/77

### **Expert Witness**

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Superior Court, Counties of San Diego, Riverside, and Los Angeles

U.S. Bankruptcy Court, San Diego County

### **Types of Appraisals**

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|               |   |
|---------------|---|
| Residential:  | Residential Subdivisions, Apartments, Single-family, Condominium and PUD Units, (Existing and Proposed)                     |
| Commercial:   | Single- and Multi-Tenant Commercial and Office Properties, Medical Offices, Self-Storage Facilities (Existing and Proposed) |
| Industrial:   | Single- and Multi-Tenant Industrial Buildings and Parks, (Existing and Proposed)  |
| Vacant Land:  | Residential, Subdivision, Industrial, Commercial, Rural, and Environmentally Sensitive Properties                           |
| Agricultural: | Avocado and Citrus Groves, Dairies, and Ranches   |
| Other:        | Mixed-Use Properties, Leasehold and Leased Fee Interests, Partial Acquisitions, and Easements                               |

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*Anderson & Brabant, Inc.*

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**QUALIFICATIONS OF THE APPRAISER**

James Brabant, MAI  
Anderson & Brabant, Inc.  
353 W. Ninth Avenue  
Escondido, CA 92025  
(760) 705-1592 (Direct)  
Email: jlbrabant@aol.com

- I. Resident of San Diego County since 1977
- II. **Educational Background:**
  - A. University of Southern California, B.S. degree in Real Estate — 1960
  - B. School of Theology at Claremont, Master of Theology — 1966
  - C. Professional Education Completed:
    - 1. Appraisal Institute
      - a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A
      - b. "Capitalization Theory and Techniques" — Course I-B
      - c. "Urban Properties" — Course II
      - d. "Investment Analysis" — Course IV
      - e. "Standards of Professional Practice"
      - f. "Litigation Valuation"
      - g. Special Applications of Appraisal Analysis Course 301
    - 2. Lincoln Graduate Center
      - a. Manufactured Housing Appraisal Course 669
    - 3. Continuing Education (Partial List):
      - USPAP Course and Updates (every two years)
      - Four Hour Federal and State Laws, 1/16
      - Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets 4/12
      - Eminent Domain Case Update, 10/95, 3/97, 10/07, 4/10
      - Business Practice and Ethics, 6/07, 7/12
      - San Diego Apartment & Housing Seminar, 10/98, 5/07, 9/11
      - Appraiser as Expert Witness, 12/06
      - Deal and Development Analysis – Downtown S.D., 9/05
      - Litigation Seminar, 11/04, 11/07, 11/10
      - Appraising Manufactured Housing, 1/04
      - Economic and Real Estate Forum, 09/02
      - Gramm-Leach-Bliley Act, 10/01
      - Condemnation on Trial (Participant), 5/00
      - Digging Into Ground Leases, 2/15
      - Unique Appraisal Assignments (Participant), 2/14
      - Appraisal of Partial Interests; 6/98
      - Vineyard Valuation, 11/12
      - Downtown San Diego Development, 9/15



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**Qualifications of the Appraiser — James Brabant, MAI**  
**Page Two**

III. **Professional Affiliations:**

- A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
- B. Realtor Member, North County Association of Realtors
- C. Member, International Right of Way Association
- D. Real Estate Brokers License, State of California
- E. Teaching Credential, State of California, Community College Level
- F. Certified General Real Estate Appraiser (AG002100)  
Office of Real Estate Appraisers, State of California

IV. **Appraisal Experience:**

- Co-Owner — Anderson & Brabant, Inc., Since 1979
- Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
- Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
- Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
- Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
- Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. **Teaching Experience:**

- Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. **Expert Witness:**

- Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
- Rent Control Hearings: Cities of Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpinteria, Palmdale, San Marcos, Carson, Watsonville
- Various Arbitration Hearings
- Assessment Appeals Boards of Riverside County, San Diego County and Orange County
- Federal Bankruptcy Courts in San Diego County & Santa Barbara County
- United States District Court – Northern District of California

VII. **Types of Appraisals:**

- |                             |   |
|-----------------------------|---|
| Residential Property:       | Single-family residence, condominiums, apartments, subdivisions, existing and proposed  |
| Commercial Property:        | Office buildings, shopping centers, office condominiums, etc., existing and proposed  |
| Industrial Property:        | Single/multi-tenant, business parks, etc., existing and proposed  |
| Vacant Land:                | Industrial, commercial, residential, and rural  |
| Agricultural:               | Ranches, avocado and citrus groves, etc.  |
| Special Purpose Appraisals: | Leasehold estates, possessory interest, historical appraisals, etc.   |
| Mobile Home Parks:          | For a variety of purposes including rent hearings, park closure, park conversions, failure to maintain litigation, eminent domain, etc. |

**VIII. Partial List of Appraisal Clients:**

**Banks**

Bank of America  
Bank of New York  
City National Bank  
Downey Savings  
Fidelity Federal Bank  
First Interstate Bank  
First Pacific National Bank  
Flagship Federal Savings  
Great Western Bank  
Industrial Bank of Japan  
Palomar Savings & Loan  
Redlands Federal Bank  
Union Bank of California  
Wells Fargo Bank

**Government Agencies and Municipalities**

California Department of  
Transportation/Caltrans  
Carlsbad Municipal Water District  
City of Carlsbad  
City of Chula Vista  
City of Colton  
City of Concord  
City of Escondido  
City of Laguna Beach  
City of La Mesa  
City of Salinas  
City of San Bernardino  
City of San Diego  
City of San Marcos  
City of Vista  
City of Yucaipa  
County of San Diego  
Fallbrook Public Utility District  
Metropolitan Water District  
Oceanside Unified School District  
Pacific Telephone  
Poway Municipal Water District  
Ramona Unified School District  
SANDAG (San Diego Assoc. of Govts.)  
San Diego County Water Authority  
San Diego Unified Port District  
San Marcos Unified School District  
U.S. Depart. of the Interior  
    Bureau of Indian Affairs  
U.S. Department of Justice

**Law Firms**

Aleshire & Wynder, LLP  
Asaro, Keagy, Freeland. & McKinley  
Best, Best & Krieger  
Daley & Heft  
Endeman, Lincoln, Turek & Heater  
Foley & Lardner, LLP  
Fulbright & Jaworski  
Gray, Cary, Ware & Freidenrich  
Higgs, Fletcher & Mack  
Latham & Watkins  
Lounsbery, Ferguson, Altona & Peak  
Luce, Forward, Hamilton & Scripps  
McDonald & Allen  
McInnis, Fitzgerald, Rees, Sharkey & McIntyre  
O'Melveny & Meyers  
Procopio, Cory, Hargreaves & Savitch  
Rutan & Tucker  
Singer, Richard  
Sullivan Wertz McDade & Wallace  
Tatro & Zamoyski  
Thorsnes Bartolotta & McGuire  
Woodruff, Spradlin & Smart  
Worden Williams, APC

**Title Companies**

Chicago Title  
Fidelity National Title Insurance  
First American Title  
St. Paul Title  
Title Insurance & Trust

**Others**

Avco Community Developers  
Coldwell Banker  
Dixieline Lumber  
Golden Eagle Insurance  
National Steel & Shipbuilding Co.  
Northern San Diego County Hospital District  
Prudential Insurance Corp.  
Rosenow, Spevacek, Group  
San Diego Gas & Electric Co.  
San Luis Rey Downs (Vessels)  
Steeffel, Levitt & Weiss  
Tellwright-Campbell, Inc.  
Transamerica Relocation Service  
Vedder Park Management

## EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 11, 2022** (“Effective Date”), is between **Vallecitos Water District, a governmental agency (“Buyer”), and San Marcos Hospitality LLC, a limited liability company (“Seller”).** Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately **fifty-five hundredths (.55) acres**, designated as **Assessor’s Parcel Numbers 228-370-38 and 228-370-04 (“Land”)**, hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A (“Easement”)** to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area.**”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Sixty-One Thousand Dollars (\$61,000.00) (“Purchase Price”)**, which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049B (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
  - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
  - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
  - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
    - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
  - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
  - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
  - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
  - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
  - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
  - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
  - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area

- (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements affecting the Easement Area, except as otherwise disclosed by Seller.
- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "**Claims**") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of

which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

**SELLER**

San Marcos Hospitality, LLC,  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BUYER**

Vallecitos Water District,  
a governmental agency

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO PURCHASE AGREEMENT  
FORM OF EASEMENT**

[See attached.]



Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

---

**SAN MARCOS HOSPITALITY, LLC.**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE **EXHIBIT "B"** ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"Grantor"**

Company: SAN MARCOS HOSPITALITY, LLC.

Name\*: DARSHAN PATEL

Title: CHIEF EXECUTIVE OFFICER

Signature †: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ACCEPTANCE  
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated \_\_\_\_\_, from SAN MARCOS HOSPITALITY, LLC., to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District  
201 Vallecitos De Oro  
San Marcos, CA 92069

\* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 4 of 6

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Item 2.1

**EXHIBIT 'A'**  
**LEGAL DESCRIPTION EASEMENTS**

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**PARCEL A - WATER AND SEWER EASEMENT:**

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

**PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>**

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.

CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



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PAUL E. GOEBEL, PLS 8486 8/2/2022  
MBI JN 176090  
APN 228-370-03,04,38

**LEGEND**

 PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)

 PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)

**POC** POINT OF COMMENCEMENT

**TPOB** TRUE POINT OF BEGINNING

( ) RECORD DATA AS SHOWN

OWNER:

SAN MARCOS HOSPITALITY, LLC  
BY GRANT DEED REC.

9/1/2021 AS DOC.

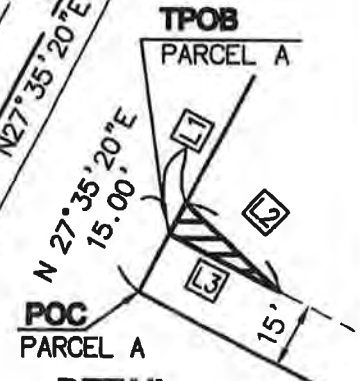
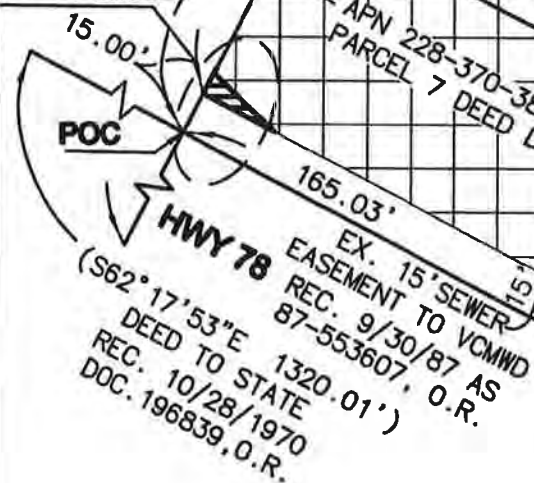
2021-0621100, O.R.(DD1)

0 60'

SCALE: 1"=60'



**TPOB**  
SEE DETAIL



**DETAIL**  
NO SCALE-PARCEL A  
WATER/SEWER EASEMENT  
PARCEL A LINE DATA TABLE

| NO | BEARING     | LENGTH |
|----|-------------|--------|
| L1 | N27°35'20"E | 8.00'  |
| L2 | S46°21'40"E | 29.14' |
| L3 | N62°17'53"W | 28.00' |

*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL DATE  
LS 8486



**EXHIBIT B - PLAT  
PROPOSED WATER / SEWER EASEMENT  
& TEMPORARY CONSTRUCTION  
EASEMENT EXHIBIT**

APN 228-370-03,04,38  
PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806  
CITY OF SAN MARCOS  
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET  
Michael Baker International  
9755 Clairemont Mesa Blvd.,  
San Diego, CA 92124  
(858)614-5000  
DATE 8/1/2022 176090

## EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 11, 2022** (“**Effective Date**”), is between **Vallecitos Water District, a governmental agency** (“**Buyer**”), and **San Marcos Hospitality LLC, a limited liability company** (“**Seller**”). Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately **fifty-five hundredths (.55) acres**, designated as **Assessor’s Parcel Numbers 228-370-38 and 228-370-04** (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A** (“**Easement**”) to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area**.”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Sixty-One Thousand Dollars (\$61,000.00)** (“**Purchase Price**”), which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049B (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
  - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
  - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
  - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
    - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
  - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
  - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
  - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
  - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
  - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
  - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
  - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area



- (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements affecting the Easement Area, except as otherwise disclosed by Seller.
- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

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10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of

which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

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- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

**SELLER**

San Marcos Hospitality, LLC,  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BUYER**

Vallecitos Water District,  
a governmental agency

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A TO PURCHASE AGREEMENT  
FORM OF EASEMENT**

[See attached.]

Recording requested by, and  
when recorded, return to:

Vallecitos Water District  
201 Vallecitos de Oro  
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)  
Document Transfer Tax: None

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**VALLECITOS WATER DISTRICT  
GRANT OF RIGHT-OF-WAY**

---

**SAN MARCOS HOSPITALITY, LLC.**, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

**It is understood by the parties hereto that the Grantor and their successors and assigns:**

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

**It is understood by the parties hereto that the Grantee and its successors and assigns:**

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 2 of 6

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

| <b>"Grantor"</b>                             |             |
|--|-------------|
| Company: <u>SAN MARCOS HOSPITALITY, LLC.</u> |             |
| Name*: <u>DARSHAN PATEL</u>                  |             |
| Title: <u>CHIEF EXECUTIVE OFFICER</u>        |             |
| Signature †: _____                           | Date: _____ |

| <b>CERTIFICATE OF ACCEPTANCE<br/>VALLECITOS WATER DISTRICT</b>   |              |
|--|--------------|
| This is to certify that the interest in real property conveyed by the deed or grant dated _____, from <u>SAN MARCOS HOSPITALITY, LLC.</u> , to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer. |              |
| By: _____  | Dated: _____ |
| Glenn Pruiam, Secretary<br>Board of Directors<br>Vallecitos Water District<br>201 Vallecitos De Oro<br>San Marcos, CA 92069  |              |

\* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

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RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:  
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069  
Page 4 of 6



**EXHIBIT 'A'**  
**LEGAL DESCRIPTION EASEMENTS**

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**PARCEL A - WATER AND SEWER EASEMENT:**

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

**PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>**

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022  
MBI JN 176090  
APN 228-370-03,04,38

**LEGEND**

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- ( ) RECORD DATA AS SHOWN

**OWNER:**  
 SAN MARCOS HOSPITALITY, LLC  
 BY GRANT DEED REC.  
 9/1/2021 AS DOC.  
 2021-0621100, O.R.(DD1)

0 60'  
 SCALE: 1"=60'



**TPOB**  
 SEE DETAIL

**POC**

**HWY 78** EX. 15' SEWER EASEMENT TO VCMWD  
 REC. 9/30/87 AS 1320.01'  
 DEED TO STATE 87-553607, O.R.  
 REC. 10/28/1970  
 DOC. 196839, O.R.

**EXHIBIT B - PLAT  
 PROPOSED WATER / SEWER EASEMENT  
 & TEMPORARY CONSTRUCTION  
 EASEMENT EXHIBIT**

APN 228-370-03,04,38  
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806  
 CITY OF SAN MARCOS  
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

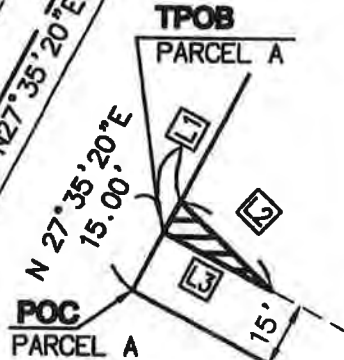
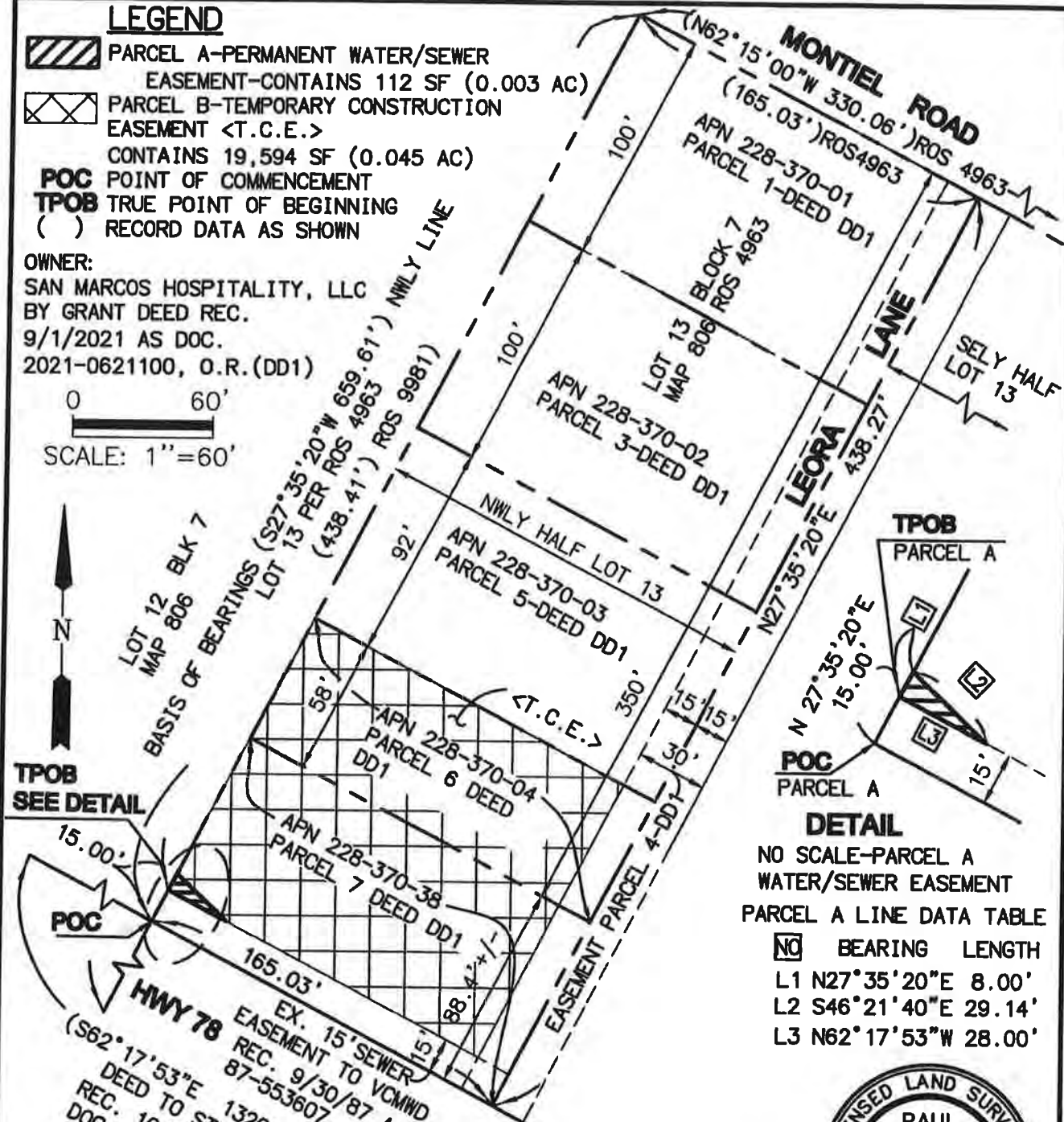
*Paul E. Goebel*

8/2/2022

PAUL E. GOEBEL DATE  
 LS 8486



SHEET 1 OF 1 SHEET  
 Michael Baker International  
 9755 Clairemont Mesa Blvd.,  
 San Diego, CA 92124  
 (858)614-5000  
 DATE 8/1/2022 176090



INFORMATIONAL PAMPHLET  
OVERVIEW OF THE EMINENT DOMAIN PROCESS  
AND DESCRIPTION OF PROPERTY OWNER RIGHTS

(Government Code Section 7267.2(a)(2))

Whenever a public agency makes a formal offer to purchase property under Section 7267.2 of the Government Code, it is required by law to provide a description of the eminent domain process. This pamphlet details the process of eminent domain and property owner rights under eminent domain law.

Public agencies acquire property for all types of public projects, such as schools, roads, water and sewer service, flood control, and fire protection. Sometimes public agencies may have to use eminent domain to acquire property for these projects. Eminent domain is the power to acquire property for a public use conditioned upon payment of just compensation.

The Appraisal Process

Before public agencies can use the power of eminent domain, they must follow certain procedures designed to protect the rights of property owners and the public.

If a public agency is potentially interested in acquiring property for a public project and makes an offer under Section 7267.2 of the Government Code, it is required to send to the owner notice of its decision to appraise the property. This notice will advise the owner that the agency has retained an appraiser to appraise the property. The notice may also provide background information on the acquisition process. It may advise that a business on the property potentially could have a claim for loss of business goodwill. It may also advise that occupants on the property may be entitled to relocation assistance, which can include relocation counseling and the payment for certain costs such as moving costs.

The fact that a public agency has sent a notice of decision to appraise does not mean that it has decided to acquire the property or to use eminent domain. It simply means that the public agency has decided to appraise the property.

The appraiser must also notify the owner that the appraiser is available to meet with the owner to discuss and view the property. After investigating the property and other similar properties, the appraiser will prepare an appraisal report and forward it to the agency.

The Offer of Just Compensation

Upon reviewing the appraisal, the public agency may decide to make an offer to acquire the property. This offer must be in writing. The offer cannot be less than the fair market value established by the approved appraisal. The offer must include certain information, including the public use for which the property is to be acquired and a detailed description of the basis for the

conclusions of value. If the comparable sales approach is used, a description of the principal sales must be included. The appraisal report does not have to be provided unless an owner-occupant of residential property with four or fewer units requests to inspect the report.

The offer must be based upon fair market value. Fair market value is a technical legal phrase but generally it means the highest price that a seller and buyer would agree to on a particular date, with neither being under pressure to buy or sell, and with both being fully informed as to the uses available for the property. The proposed public project for which the property may be acquired is not to be considered for either decreasing or increasing the fair market value.

If only a portion of the property is being acquired, such as for a road widening or an underground sewer pipeline, the appraisal may also consider what are called severance damages. Generally, this refers to the reduction in fair market value to the remaining portion of the property that is not being acquired that results from the partial acquisition or the public project. Sometimes a proposed project will actually increase the value of the remaining property. These benefits can be considered in offsetting severance damages, if there any such damages. These benefits cannot be used to lower the value of the actual portion of the property that is being acquired.

A property may be improved and these improvements, if affixed to the realty, may be taken into consideration in the appraisal and the offer. Businesses may also have a claim for loss of business goodwill.

Just compensation is a concept that comes from the California and U. S. Constitutions. The written offer described above is intended to be an offer for just compensation.

#### The Negotiation Process

The public agency is required to negotiate in good faith upon making its offer of just compensation. It may not use threatening or coercive tactics. The offer process is a voluntary, negotiation process. The owner is under no obligation to agree to the offer.

In making the offer, the public agency must also offer up to \$5,000 to the owner to retain an appraiser selected by the owner. The appraiser must be state licensed and other conditions may apply.

The owner and the public agency's representatives may negotiate. If the owner believes that certain information is wrong or incomplete, or if the owner has other information that the agency should know about, the owner may offer that information to the public agency. The owner may make a counter-offer, asking for more compensation or suggesting a change in the proposed acquisition. Or, if the owner does not wish to sell the property, the owner may simply reject the offer or not respond.

When property is occupied, the occupants may be entitled to what is called relocation assistance. These are benefits and services to be given to occupants if the proposed acquisition

and public project will require an occupant to move. An occupant need not be an owner of the property to be entitled to such benefits. The nature and extent of the benefits can be technical and will depend upon the particular circumstances of the occupant. Laws and regulations set the amount and nature of applicable benefits. Businesses, homeowners, and renters may be eligible for relocation benefits. These benefits are protections offered by legislation and are different from and in addition to just compensation. When relocation is involved, the public agency will provide an explanation and itemization of the proposed relocation assistance benefits. What is required for relocation is subject to discussion and occupants can provide information they think is important in determining the amount and type of benefits.

#### Starting Eminent Domain

If the public agency's offer to purchase is not accepted, the public agency may then consider the use of eminent domain. Eminent domain involves the acquisition of property without the owner's consent for a public use conditioned upon payment of just compensation. A public agency may only use the power of eminent domain if it is granted that power by state statute.

#### The Requirement for a Public Hearing

Before a public agency can consider using eminent domain, it must conduct a public hearing. The public hearing is before the legislative body of the public agency. For example, if a city wishes to consider using eminent domain to build a road, the public hearing must be conducted by the city council. The owner, as identified by the latest tax rolls, is entitled to written notice of the hearing and has a right to speak before the legislative body. At the hearing the public agency considers the adoption of what is called a resolution of necessity. The hearing concerns whether the public interest and necessity require the project, whether the acquisition is most compatible with the greatest public good and the least private injury, whether the property is necessary for the project, and whether the written offer for just compensation has been made. The owner and the legislative body are to address these topics. The owner may be represented by someone at the hearing. This can be legal counsel but does not have to be. The owner must make a timely request to be heard. The notice for the hearing must explain this requirement.

Upon completing the hearing on these topics, the legislative body will determine whether findings on these topics properly can be made, and will consider adopting the resolution of necessity. The resolution can only be adopted if at least two thirds of the full legislative body votes to adopt the resolution.

#### The Court Process

If the resolution of necessity is adopted, the public agency is then authorized to bring an eminent domain action in state court. This action has to be filed in the county where the property is located. Those with an interest in the property will be named in the action. The action is a lawsuit that must be served on the named parties. The named parties have a right to respond by filing legal papers. In these papers the responding parties may raise legal issues regarding compensation or the public agency's right to use eminent domain.

Once an eminent domain action is filed, the public agency may ask the court for what is called prejudgment possession. This allows the agency to acquire possession of the property so it can begin work on its project without awaiting completion of the court action. The agency may have several actions in court regarding other properties and may not be able to wait until all those actions are resolved before proceeding with construction of its proposed project, such as a road, school, or water pipeline.

To obtain such possession, the public agency must first file and serve a motion on the affected parties. These parties have the right to object and have these objections heard in court. The public agency must also deposit with the court or the State Condemnation Fund the amount of probable just compensation for the property. This amount must be based upon a certified and detailed valuation statement. The owner has the right to challenge this deposit and can file a motion asking to increase the deposit. Those claiming an interest in the deposit may apply to the court to withdraw the deposit or a portion of it.

If the court finds that certain requirements are satisfied and that there are no valid objections to granting prejudgment possession, the court may grant the public agency's motion for possession. State law provides certain time periods to property owners and occupants before possession can take effect.

In many projects, such as road widenings or storm drains, relocation may not be involved at all. If relocation is involved, the public agency must provide relocation counseling and financial benefits to the affected parties. The specific requirements for such counseling and benefits are set by legislation and regulations. Relocation disagreements are subject to appeal to the public agency. Relocation claims may also be presented in court through a lawsuit brought by the claimant. These lawsuits are usually separate from the eminent domain action in court.

The eminent domain action may proceed to trial on the right to use eminent domain or on the amount of just compensation. Trials concerning the right to use eminent domain are conducted only before a judge, without a jury. The California Constitution gives the public agency and the property owner the right to a jury trial on the issue of just compensation. Trials on just compensation focus on the testimony of qualified valuation witnesses. The valuation positions of both sides are usually exchanged in writing on a scheduled date before the trial. These positions are then supported at trial by live testimony, which is subject to cross-examination. At trial, no side has the burden of proof on just compensation. A jury normally must reach a verdict within the range of the valuation opinions allowed into evidence by testimony. In other words, the jury generally cannot find less than the lowest valuation testified to in the trial nor more than the highest valuation.

Before trial either side can make a formal offer to settle. After the trial, if the trial judge finds that the public agency's offer to settle was unreasonable and the owner's offer to settle was reasonable, the public agency is required to pay the owner's reasonable litigation and expert expenses. The public agency cannot recover litigation expenses from the owner for contesting the amount of just compensation. Interest on the awarded just compensation is determined by the court.

During the eminent domain court proceedings, a public agency occasionally may decide that it does not wish to proceed with the acquisition. The owner is given the opportunity to object to the public agency abandoning the proceedings. If the public agency does abandon proceeding with the acquisition, it must pay the other side's reasonable litigation and expert expenses.

Either side may appeal an eminent domain judgment. The appeal process may involve going to the California Court of Appeal, to the California Supreme Court, and to the U. S. Supreme Court. The Court of Appeal must hear a timely appeal. Further review by the California Supreme Court and U. S. Supreme Court is generally within the discretion of those courts.

#### You Should Seek Professional Advice

This pamphlet is intended to give you an overview of the eminent domain process and property owner rights under state eminent domain law. A public agency does not and cannot represent you or give you legal advice. If you have questions or concerns at any time, you should consider consulting a professional, including an attorney. You always have the right to legal counsel.

# Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

**1** Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

**2** Business name/disregarded entity name, if different from above

**3** Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

Individual/sole proprietor or single-member LLC       C Corporation       S Corporation       Partnership       Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ \_\_\_\_\_

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ \_\_\_\_\_

**4** Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

*(Applies to accounts maintained outside the U.S.)*

**5** Address (number, street, and apt. or suite no.) See instructions.      Requester's name and address (optional)

**6** City, state, and ZIP code

**7** List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

**Social security number**

|  |  |  |   |  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|---|--|--|--|
|  |  |  | - |  |  |  | - |  |  |  |
|--|--|--|---|--|--|--|---|--|--|--|

**or**

**Employer identification number**

|  |  |  |   |  |  |  |  |  |  |  |
|--|--|--|---|--|--|--|--|--|--|--|
|  |  |  | - |  |  |  |  |  |  |  |
|--|--|--|---|--|--|--|--|--|--|--|

## Part II Certification

- Under penalties of perjury, I certify that:
- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
  - I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
  - I am a U.S. citizen or other U.S. person (defined below); and
  - The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here**      Signature of U.S. person ▶ \_\_\_\_\_      Date ▶ \_\_\_\_\_

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*



# 2020 Withholding Exemption Certificate

# 590

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

### Withholding Agent Information

Name \_\_\_\_\_

### Payee Information

Name \_\_\_\_\_

SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

Address (apt./sta., room, PO box, or PMB no.) \_\_\_\_\_

City (If you have a foreign address, see instructions.) \_\_\_\_\_

State \_\_\_\_\_

ZIP code \_\_\_\_\_

### Exemption Reason

Check only one box.

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Corporations:**

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Partnerships or Limited Liability Companies (LLCs):**

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:**

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE OF PAYEE:** Payee must complete and sign below.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for 1131. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title \_\_\_\_\_ Telephone \_\_\_\_\_

Payee's signature ► \_\_\_\_\_ Date \_\_\_\_\_



## VALLECITOS WATER DISTRICT

A PUBLIC AGENCY

201 Vallecitos de Oro • San Marcos, California • 92069-1453 Telephone (760) 744-0460

### NOTICE OF HEARING TO PROPERTY OWNER

Pursuant to Section 1245.235 of the California Code of Civil Procedure, you are hereby notified that at a regular meeting to be held on Wednesday, October 5, 2022, at 5:00 p.m., at the Vallecitos Water District Board Room, 201 Vallecitos de Oro, in San Marcos, California, the Board of Directors of the Vallecitos Water District intends to consider adopting a Resolution of Necessity, authorizing the commencement of eminent domain proceedings for the acquisition of permanent easements on portions of the real property generally identified as APN 228-370-38 (as more fully described and depicted in Exhibits A and B, which are attached hereto and incorporated herein by reference) (the "Permanent Easements"), and temporary construction easements on portions of APNs 228-370-38 and 228-370-04 (as more fully described and depicted in Exhibits C and D, which are attached hereto and incorporated herein by reference) (the "TCEs," and collectively with the Permanent Easements, the "Easements") for the Montiel Lift Station and Force Main Replacement Project ("Project"). According to the last equalized county assessment roll, the real property needed for the Easements are owned by San Marcos Hospitality, LLC.

A public hearing will be held at the time and place mentioned above and you have the right to appear and be heard on the following matters:

1. Whether the public interest and necessity require the project for which the property is sought to be acquired.
2. Whether the project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.
3. Whether the property is necessary for the proposed project.

4. Whether the offer required by Section 7267.2 of the California Government Code has been made.

If you wish to appear and be heard, please make a written request to appear and be heard to the Secretary of the Board of Directors at the address identified below prior to the October 5, 2022 Board Meeting. Failure to make a written request to appear and be heard within 15 days after this Notice was mailed will result in the waiver of your right to appear and be heard.

PUBLIC COMMENT INSTRUCTIONS:

Members of the public may address the Board on any item on the agenda when the item is considered, including the above-described item. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible.

ALL COMMUNICATIONS SHOULD BE ADDRESSED TO:


Anthony Flores  
Senior Executive Assistant to the Board of Directors  
201 Vallecitos de Oro  
San Marcos, California 92069

DATE OF HEARING: Wednesday, October 5, 2022  
5:00 p.m.

PLACE OF HEARING: Vallecitos Water District Board Room  
201 Vallecitos De Oro  
San Marcos, California

DATED: September 12, 2022

VALLECITOS WATER DISTRICT

By:   
\_\_\_\_\_  
Anthony Flores  
Senior Executive Assistant to the Board  
of Directors

PROOF OF MAILING NOTICE

I, Alison Fretwell, acting on behalf of the Vallecitos Water District, hereby certify that on September 13, 2022, I mailed a copy of the attached notice by first-class mail to the following owners of real property located in the County of San Diego, State of California, more particularly described as Assessor Parcel Nos. 228-370-38 and 228-370-04:

San Marcos Hospitality, LLC  
Attn: Bhavesh Patel  
1650 Hotel Circle North, Suite 120  
San Diego, CA 92108

DATED: September 13, 2022

Alison Fretwell

**DATE: NOVEMBER 16, 2022**  
**TO: BOARD OF DIRECTORS**  
**SUBJECT: APPROVE PAYMENT FOR EMERGENCY REPAIR OF 14” WATER MAIN ON SAN MARCOS BOULEVARD**

**BACKGROUND:**

Installed in 1957 and named the Carlsbad Line, the 14-inch Prestressed Concrete Cylinder Pipe (PCCP) begins in Escondido and is located in Rock Springs Road, East Mission Road, and San Marcos Boulevard. It is one of the main water transmission lines through the District.

**DISCUSSION:**

On August 17, 2022, around 3:00 pm, staff responded to a water main leak at 1300 San Marcos Boulevard between Discovery Street and Pacific Street. After careful investigation, it was determined the main leak was behind sidewalk on a 14-inch PCCP. Staff was able to isolate the 14-inch water main on San Marcos Boulevard and distribute bottled water to the customers in the area.

An outside contracting company, Cass Arrieta, was retained to perform the repair of the 14-inch PCCP under the District’s emergency purchasing policy. Under normal conditions, Resolution No. 1481 requires Board approval for construction above \$50,000. However, under Section 8 of this Resolution, the General Manager can authorize emergency purchases above \$50,000 if it is required “for the health, safety and welfare of the customers of the District, for the protection of the District’s property, or if there is an immediate need or emergency which could not be reasonably foreseen.”

Cass Arrieta was selected due to their previous performance with the District on emergency repairs, and their ability to quickly mobilize. Due to the depth and location of the 14-inch repair, impact to traffic, and after-hours nature of the repair, it was deemed appropriate to bring in outside services to perform the repairs. Cass Arrieta was able to excavate, make repairs, and re-energize the 14-inch PCCP within 24 hours of the initial notification.

Cass Arrieta performed the following:

- Excavate to a depth of 12-feet to expose the 14-inch PCCP on San Marcos Boulevard
- Discover a previously repaired welded service coupling with excessive corrosion
- Replace the failed service coupling with a new ¼-inch steel reinforcing backplate, stainless steel bushings, and 1-inch corporation stop
- Replace mortar coating on the 14-inch pipe
- Backfill and compact the excavation to ensure stability
- Perform site remediation and install Best Management Practices

Operations staff assisted in the repair, locating the failed coupling, and providing support as needed. Construction management and inspection was performed by District engineering/inspection staff. All remediation and rehabilitation have been completed.

**Fiscal Impact:**

|                                      |                     |
|--------------------------------------|---------------------|
| Cass Arrieta Construction            | \$ 56,454.76        |
| VWD Furnished Material               | \$ 222.31           |
| Water Bottles Furnished to Customers | \$ 212.25           |
| Staff/Equipment & Overhead           | \$ 12,817.91        |
| <u>Total</u>                         | <u>\$ 69,707.23</u> |

Funding for the repairs will be from the Water Operating budget.

**Recommendation:**

Approve payment to Cass Arrieta in the amount of \$56,454.76.



