

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 28, 2019

**Advice Letter 5424-G**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas Company  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Request for Approval of a Sale of Real Property Pursuant to Public Utilities  
Code Section 851 and General Order 173.**

Dear Mr. van der Leeden:

Advice Letter 5424-G is effective as of March 24, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division



**Ronald van der Leeden**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.4957

[RvanderLeeden@semprautilities.com](mailto:RvanderLeeden@semprautilities.com)

February 22, 2019

Advice No. 5424  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Request for Approval of a Sale of Real Property Pursuant to Public Utilities Code Section 851 and General Order 173**

Southern California Gas Company ("SoCalGas" or "Utility") respectfully requests approval from the California Public Utilities Commission ("Commission") under Public Utilities Code Section 851 ("Section 851") and General Order (GO) 173 to sell a portion of certain fee-owned real property (the "Property") to The Corridor, LLC, a California limited liability company ("Buyer") on the terms and conditions set forth in the Purchase and Sale Agreement and Joint Escrow Instructions between SoCalGas and Buyer dated as of October 19, 2018, as amended by that certain First Amendment to Agreement/Escrow Instructions to Purchase and Sale Agreement and Joint Escrow Instructions, dated November 12, 2018 ("First Amendment"), as amended by that certain Second Amendment to Agreement/Escrow Instructions to Purchase and Sale Agreement and Joint Escrow Instructions, dated December 18, 2018 ("Second Amendment"), (collectively, the "Purchase Agreement"), included herein as Attachment A.

SoCalGas believes that the transfer and exchange of real property contemplated in the Purchase Agreement and described herein will not adversely affect SoCalGas' use and operation of any of its other property or facilities, and the transaction will not have any impact on ratebase or affect the ability of the Utility to serve its customers or the public.

### **Background**

SoCalGas owns a fee interest in the Property, commonly known as 211 North Sunrise Way, in the City of Palm Springs, California, consisting of approximately 1.88 acres and designated as Riverside County Assessor's Parcel Number 508-070-016.

SoCalGas purchased the Property in 1967 and utilized the Property for a branch office (the "Palm Springs Branch Office"), wherein customers could pay their utility bills, request

service be turned on/off, and avail themselves of other services. SoCalGas closed the Palm Springs Branch Office effective December 1, 2018, following successful implementation of a technology solution for customer identity verification pursuant to Commission Decision (D.) 16-06-046, which approved SoCalGas' request (Application (A.) 13-09-010) to close certain branch offices. The Property is improved with a single-story building, approximately 5,880 square feet in size, minimal landscaping, and parking space consisting of approximately 29 parking stalls. The sale and transfer of the Property will not have an adverse effect on the public interest or the ability of SoCalGas to provide safe and reliable service to its customers at reasonable rates.

### **Information Required under Rules 3 and 4 of GO 173**

#### **A. Rule 3 – Requirements**

SoCalGas is permitted to submit this Advice Letter seeking Commission approval under Section 851 because the company believes it has satisfied the eligibility requirements set forth in Rule 3 of GO 173 as follows:

***3a. The activity proposed in the transaction will not require environmental review by the Commission as Lead Agency under California Environmental Quality Act (CEQA).***

SoCalGas believes this transaction is not a "project" under CEQA pursuant to CEQA Guidelines Section 15378. If, however, the Commission were to determine this transaction is a project under CEQA, then SoCalGas believes that the Categorical Exemption set forth in CEQA Guidelines Section 15061(b)(3) applies. No other governmental agency is a CEQA lead or CEQA responsible agency for purposes of this transaction, and SoCalGas is not aware of any other discretionary or ministerial permits required in order to complete the transfer of the Property.

***3b. The transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.***

The Property, consisting of 1.88 acres, a portion of which is improved with a 5,880 square-foot building, had been used historically for SoCalGas' Palm Springs Branch Office. SoCalGas closed the Palm Springs Branch Office on December 1, 2018 following authorization for the closure by the Commission in D.16-06-046. The Property has not been used by SoCalGas in performance of its service to its customers since the closure date. Given the Property's limited square-footage, location, historical designation, and zoning, there is no current or foreseeable prospect for repurposing the Property for use by the Utility in providing service to its customers. Accordingly, the sale and transfer of the Property will not have an adverse effect on the public interest or on the ability of the Utility to provide safe and reliable service to customers at reasonable rates.

**3c. Any financial proceeds from the transaction will be either booked to a memorandum account for distribution between shareholders and ratepayers during the next general rate case or be immediately divided between shareholders and ratepayers based on a specific distribution formula previously approved by the Commission for that utility.**

The financial proceeds received by SoCalGas from the sale of the Property will be handled in accordance with the policy for the allocation of gains and losses on the sale of Utility assets adopted in the Commission's Gain on Sale Rulemaking in D.06-05-041. SoCalGas will credit the ratepayer's 67% allocation of the gain on sale of the land to the Gain/Loss on Sale Memorandum Account. SoCalGas will allocate to ratepayers 100% of the loss on the sale of the building to the Gain/Loss on Sale Memorandum Account. The gain and loss are computed as the net proceeds received from the sale of the Property, less the acquisition cost/net book value of the Property and income taxes (i.e., at the combined federal and statutory income tax factor) on the sales transaction. The loss will be recorded in the Gain/Loss on Sale Memorandum Account. The net losses in the account balance (aggregated losses as offset by aggregated gains) will be recovered in rates in the year following the sale in connection with SoCalGas' annual regulatory account balance update submittal.

**3d. If the transaction results in a fee interest transfer of real property, the property does not have a fair market value in excess of \$5 million.**

The purchase price for the Property of \$1,110,000, as set forth in the Purchase Agreement, represents the fair market value as negotiated between SoCalGas and the Buyer and is based on market conditions and recent comparable sales in the area. SoCalGas used the brokerage services of CBRE, a world-renowned firm specializing in commercial real estate services, and, in the present transaction, specializing in the sale of retail, office, industrial, and investment properties in the Palm Springs area of Southern California, to negotiate and secure fair market value for the Property.

**3e. If the transaction results in a sale of a building, the building does not have a fair market value in excess of \$5 million.**

The purchase price for the Property of \$1,110,000, as set forth in the Purchase Agreement, represents the rounded fair market values for the land (\$445,151) and the building (\$664,327). The Purchase Price was negotiated between SoCalGas and the Buyer based on market conditions and recent comparable sales in the area. SoCalGas used the brokerage services of CBRE, a world-renowned firm specializing in commercial real estate services, and, in the present transaction, specializing in the sale of retail, office, industrial, and investment properties in the Palm Springs area of Southern California, to negotiate and secure fair market value for the Property.

**3f. If the transaction is for the sale of depreciable assets, the assets do not have a fair market value in excess of \$5 million.**

See Section 3e.

**3g. If the transaction is a lease or a lease-equivalent, the total net present value of the lease payments, including any purchase option, does not have a fair market value in excess of \$5 million, and the term of the lease will not exceed 25 years.**

Not applicable. The transaction does not involve a lease or lease-equivalent.

**3h. If the transaction conveys an easement, right-of-way, or other less than fee interest in real property, the fair market value of the easement, right-of-way, or other interest in the property does not exceed \$5 million.**

Not applicable. The transaction does not involve the conveyance of an easement, right-of-way, or other less than fee interest in real property.

**3i. The transaction will not materially impact the ratebase of the utility.**

This transaction will not materially impact the SoCalGas ratebase, given the relatively nominal asset value of the Property. See Section 4f.

**3j. If the transaction is a transfer or change in ownership of facilities currently used in regulated utility operations, the transaction will not result in a significant physical or operational change in the facility.**

Not applicable. The Property is not currently used in regulated Utility operations.

**3k. The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.**

Given the relatively nominal value and the lack of impact to SoCalGas operations and ability to provide utility service to the public, this transaction does not warrant a more-comprehensive review under Section 851. Moreover, this transaction is typical of transaction for which GO 173 was developed.

**A. Rule 4 – Requirements**

Rule 4 of GO 173 requires that the following information be included in this submission:

***4a. Identity and addresses of all parties to the proposed transaction.***

“SoCalGas”

Southern California Gas Company  
555 W. Fifth Street  
Los Angeles, CA 90013

“Buyer”

The Corridor, LLC  
Attn: Shaul Mezrahi  
333 North Palm Canyon Drive, Suite 109  
Palm Springs, CA 92262

***4b. A complete description of the property, including its present location, condition, and use.***

The Property consists of a 1.88-acre parcel, a portion of which is improved with an 5,880 square-foot building. The Property is commonly known as 211 North Sunrise Way, in the City of Palm Springs, County of Riverside, California. A complete legal description of the Property is set forth in Exhibit A of the Purchase Agreement included herewith as Attachment A.

***4c. The transferee’s intended use of the property.***

Buyer seeks to acquire the Property to establish a property management office or possibly lease the property for medical or office use. Buyer owns other property in Palm Springs commonly known as 515 North Palm Canyon Drive, which Buyer remodeled and revitalized into a mixed retail/commercial use, multi-tenant complex.

***4d. A complete description of the financial terms of the proposed transaction.***

Buyer shall pay SoCalGas a total purchase price of \$1,110,000, of which \$50,000 has been placed on deposit in escrow. Buyer is to pay for 50% of escrow costs, as more particularly set forth in the Purchase Agreement.

***4e. A description of how the financial proceeds of the transaction will be distributed.***

The financial proceeds received by SoCalGas from the sale of the Property will be handled in accordance with the policy for the allocation of gains and losses on the sale of gas distribution assets adopted in the Commission’s Gain on Sale

Rulemaking in D.06-05-041. SoCalGas will credit the ratepayer's 67% allocation of the gain on sale of the land to the Gain/Loss on Sale Memorandum Account. SoCalGas will allocate to ratepayers 100% of the loss on the sale of the building to the Gain/Loss on Sale Memorandum Account. The gain and loss are computed as the net proceeds received from the sale of the Property, less the acquisition cost/net book value of the Property and income taxes (i.e., at the combined federal and statutory income tax factor) on the sales transaction. The loss is recovered from ratepayers in the year following the sale in connection with SoCalGas' annual regulatory account balance update submittal.

Based on a fair market land value of \$445,151 and a book value of approximately \$135,563, the estimated gain on sale of the land will result in net proceeds to ratepayers of approximately \$137,566. Based on a fair market building value of \$664,327 and a book value of approximately \$761,467, the loss on sale of the building will result in an estimated net loss to ratepayers of approximately \$96,270. The net gain on sale of the land will be credited against the net loss on the sale of the building, resulting in an estimated net gain to ratepayers of approximately \$41,295.

***4f. A statement on the impact of the transaction on ratebase and any effect on the ability of the utility to serve customers and the public.***

The loss will be recorded in the Gain/Loss on Sale Memorandum Account. The net losses in the account balance (aggregated losses as offset by aggregated gains) will be recovered in rates in the year following the sale in connection with SoCalGas' annual regulatory account balance update submittal. The sale of the Property will result in a reduction in revenue requirement and will be removed from general rate case ratebase. Given the relatively small size of the net loss, the transaction will not have a material impact on ratebase.

The Property consists of a 1.88-acre parcel and a 5,880 square-foot building and has been used as the Palm Springs Branch Office soon after the Property's purchase in 1967. SoCalGas closed the Palm Springs Branch Office on December 1, 2018 pursuant to the Commission's authorized closure of the branch office in D. 16-06-046. SoCalGas has not utilized the Property for any other purpose since the branch office closure date. Given the Property's limited square footage, historical designation, and zoning, there is no prospect for repurposing the use of the Property so as to have the Property be useful in providing utility service to the public. Accordingly, the transfer of the Property asset will have no affect the Utility's ability to serve customers and the public.

**4g. For sales of real property and depreciable assets, the original cost, present book value, and present fair market value, and a detailed description of how the fair market value was determined (e.g., appraisal).**

The Property was originally purchased as vacant land. The land has an original cost and current net book value of \$135,563. Attached hereto as Attachment B is a net book value summary report from SoCalGas' Accounting Department reflecting the land book value.

The purchase price for the Property of \$1,110,000, as set forth in the Purchase Agreement, represents the fair market value of the land and building.

The fair market value of the land is \$445,151. The land consists of approximately 19,597 square feet of improved land (i.e., that portion needed to make the building serviceable) and 62,296 square feet of unimproved, vacant land, for a total square footage of 81,890 square feet (1.88 acres). The improved land was valued \$10/SF, consistent with a recent, similarly zoned, improved land sale in the area, as shown in the attached sales report, enclosed herein as Attachment C (the land in Attachment C is considered improved due to the presence of utilities). The unimproved land was valued at \$4/SF, also consistent with unimproved land sales ranging from \$2.79/SF to \$5.59/SF in the trade area, as shown in Attachment D.

The Property is improved with the building having a current net book value of \$761,467. This book value is a result of capital improvements to the building, the majority of which were completed in 2009 pursuant to that certain Memorandum of Understanding, dated June 19, 2007, between SoCalGas and the Disability Rights Advocates ("2007 MOU"), included herein as Attachment E. The 2007 MOU generally required SoCalGas to make accessibility adjustments and modifications to its branch offices, including the Palm Springs Branch Office, for people with disabilities. The improvements completed at the Palm Springs Branch Office included reconfiguration of the parking lot in compliance with the Americans with Disabilities Act ("ADA"), modifications to the path of travel, installation of ramps and railings, replacement of sidewalk and curb ramps, and installation of ADA compliant furniture and fixtures in the customer areas. The costs of these improvements totaled \$532,432.06, as shown on page 8 of the attached asset detail report, attached hereto as Attachment F.

The fair market value of the building is \$664,327, or \$113/SF. This valuation is consistent with recently sold comparables, which range between \$105/SF to \$138/SF as shown on Attachment G, and reflects a discounted price due to the limited zoning of the property and historical designation of the building, which impact future development.

The discrepancy between the book value and fair market value of the building is due to the above-described capital improvements within the last ten years, which have not been fully depreciated.



**4h. For leases of real property, the fair market rental value, a detailed description of how the fair market rental value was determined, and any additional information necessary to show compliance with Rule 3(g) above.**

Not applicable. The transaction does not involve a lease.

**4i. For easements or rights-of-way, the fair market value of the easement or right-of-way and a detailed description of how the fair market value was determined.**

Not applicable. The transaction does not involve an easement or right-of-way.

**4j. A complete description of any recent past (within the prior two years) or anticipated future transactions that may appear to be related to the present transaction, such as sales or leases of interests in the same real property or real property that is located near the property at issue or that are being transferred to the same transferee; or for depreciable assets, sales of similar assets or sales to the same transferee.**

There are no recent past or anticipated future transactions that may appear to be related to the sale of the Property.

**4k. Sufficient information and documentation (including environmental documentation) to show that all of the eligibility criteria stated in Rule 3 above have been met.**

As set forth above, SoCalGas believes that all applicable eligibility criteria stated in Rule 3 have been satisfied.

**4l. The filing utility may submit additional information to assist in the review of the advice letter, including recent photographs, scaled maps, drawings, etc.**

Please see the Purchase and Sale Agreement executed between SoCalGas and Buyer dated October 19, 2018, a copy of which is included herein as Attachment A.

**4m. Environmental Information: If the applicant believes that the transaction is not a Project under CEQA, the applicant shall include an explanation of its position.**

SoCalGas believes this transaction is not a "project" under CEQA pursuant to CEQA Guidelines Section 15378. If, however, the Commission were to determine this transaction is a project under CEQA, then SoCalGas believes that the Categorical Exemption set forth in CEQA Guidelines Section 15061(b)(3) applies. No other governmental agency is a CEQA lead or CEQA responsible agency for purposes of this transaction, and SoCalGas is not aware of any other discretionary or ministerial permits required in order to complete the transfer of the Property.

**Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter, which is March 14, 2019. The address for mailing or delivering a protest to the Commission is given below.

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz  
Tariff Manager – GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-mail: [ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

For questions, please contact Michelle Meghrouni at (213) 244-4809 or by electronic mail at: [mmeghrouni@semprautilities.com](mailto:mmeghrouni@semprautilities.com).

**Effective Date**

SoCalGas believes that this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this submittal be approved on March 24, 2019, which is 30 calendar days from the date submitted.

**Notice**

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list. Address change requests to the GO 96-B should be directed by electronic mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-2837.

---

Ronald van der Leeden  
Director - Regulatory Affairs

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly    Quarterly    Annual    One-Time    Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes    No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes    No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**ATTACHMENT A**

**Advice No. 5424**

**Purchase and Sale Agreement  
and Joint Escrow Instructions**

**PURCHASE AND SALE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS**

This Purchase and Sale Agreement and Joint Escrow Instructions (this "Agreement"), dated as of October 19 2018, is between Southern California Gas Company, a California corporation ("Seller"), and The Corridor, LLC, a California limited liability company ("Buyer"). Buyer and Seller shall sometimes be referred to herein individually as a "Party" and collectively as the "Parties."

**RECITALS**

- A. Seller owns certain land commonly known as 211 North Sunrise Way, in the City of Palm Springs, California, consisting of approximately 1.88 acres, designated as Riverside County Assessor's Parcel Number 508-070-016 and described in Exhibit A, attached hereto and made a part hereof (the "Property").
- B. Seller has agreed to sell to Buyer, and Buyer has agreed to purchase the Property from Seller, subject to and on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Effectiveness of Agreement.

- (a) Not more than five (5) Business Days after Buyer and Seller shall have executed this Agreement, Buyer and Seller shall each deposit two (2) original executed counterparts of this Agreement with Escrow Holder (as defined in Section 4(a) below). As used in this Agreement, the term "Business Day" or "Business Days" means any day other than a Saturday, Sunday, day on which the Escrow Holder is closed for business, or day designated by the federal government or the State of California as a holiday.
- (b) This Agreement shall be effective as of the date that this Agreement shall have been duly executed and delivered to Escrow Holder by Buyer and Seller. The date that this Agreement becomes effective in accordance with this Section 1(b) shall be referred to herein as the "Effective Date".

2. Purchase and Sale.

Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the Property.

3. Purchase Price.

- (a) The purchase price for the Property shall be One Million Two Hundred Sixty Thousand and No/100 Dollars (\$1,260,000.00) ("Purchase Price"), subject to any prorations or adjustments to the Purchase Price made in accordance with this Agreement.

(b) Buyer shall pay the Purchase Price as follows:

- (i) Within three (3) Business Days after the Effective Date, Buyer shall deposit Fifty Thousand and No/100 Dollars (\$50,000.00) (together with all interest earned thereon, the "Deposit"), in immediately available funds, with Escrow Holder. Escrow Holder shall place the Deposit into an interest-bearing account for the benefit of Buyer. The Deposit shall be non-refundable to Buyer except as otherwise expressly set forth in this Agreement, including, but not limited to, as set forth in Sections 5(d), 5(g), 6(c) and 15. Any interest accrued shall be applied to the Purchase Price at Closing.
- (ii) At or prior to the Closing, Buyer shall deposit, in immediately available funds with Escrow Holder an amount, which when combined with the amount of the Deposit, is equal to the Purchase Price, plus any amount required to pay closing costs required to be paid by Buyer in accordance with this Agreement.

4. Escrow.

- (a) By this Agreement, Buyer and Seller hereby establish an escrow with Fidelity National Title Insurance Company, 40-004 Cook Street, Suite 2, Palm Desert, CA 92211, Alissa Vatter, Escrow Officer ("Escrow Holder") to effect the transactions contemplated in this Agreement (the "Escrow"). The Escrow shall be opened upon Escrow Holder's receipt of Buyer's and Seller's original executed counterparts of this Agreement in accordance with Section 1(a) above. Upon receipt of Buyer's and Seller's original executed counterparts of this Agreement, Escrow Holder shall complete the "Escrow Holder's Receipt of Purchase and Sale Agreement" at the end of this Agreement, confirming receipt of Buyer's and Seller's counterparts to this Agreement and setting forth the Effective Date and the date of the Scheduled Closing, and shall deliver to each of Buyer and Seller one (1) copy of the fully executed Agreement. Upon receipt of the Deposit, Escrow Holder shall complete the "Escrow Holder's Receipt of Deposit" at the end of this Agreement, confirming receipt of the Deposit, and shall deliver to each of Buyer and Seller one (1) copy of the fully executed Agreement.
- (b) Escrow Holder shall administer the Escrow in accordance with this Agreement and any additional joint escrow instructions executed with Escrow Holder by Seller and Buyer to effect the transactions contemplated in this Agreement (as the same may be supplemented or amended from time to time, the "Supplemental Escrow Instructions").
- (c) Not less than five (5) Business Days prior to the Scheduled Closing as defined in Section 9, Escrow Holder shall promptly prepare and deliver to Seller and Buyer a settlement statement, reflecting the allocation of the Purchase Price and any other monies owed by Buyer and Seller (the "Settlement Statement").
- (d) Upon (i) Seller's and Buyer's written approval of the Settlement Statement, (ii) confirmation from Seller that all of Seller's conditions precedent set forth in Section 7 below have been satisfied, and (iii) confirmation from Buyer that all of Buyer's conditions precedent set forth in Section 8 below have been satisfied, Escrow Holder shall disburse the Purchase Price in accordance with the approved Settlement



Statement and record the Deed (as defined in Section 8(a)(i) below) in the Official Records. Escrow Holder shall deliver to each of Seller and Buyer a conformed copy of the recorded Deed as soon as practicable after the Deed is recorded in the Official Records. Escrow shall be closed upon the recordation of the Deed in the Official Records (the "Closing").

5. Title Review.

- a) Within seven (7) Business Days after the Effective Date, Buyer shall obtain from Fidelity National Title ("Title Company"), at Buyer's sole cost and expense, preliminary reports setting forth the matters affecting the title to the Property, together with legible copies of any recorded documents relating to such matters (collectively, the "Title Reports").
- b) During the period after the Effective Date through the earlier to occur of (i) the Closing, or (ii) the termination of this Agreement, Seller (A) shall not cause or permit any mechanic's or materialman's liens to be filed against the Property arising from any work, services or materials contracted by or at the direction of or for the benefit of Seller, (B) shall not, without the prior written consent of Buyer, which may be granted or withheld in Buyer's reasonable discretion, sell, convey, grant or assign to any other party or materially amend any easement, servitude, lease, option, license, covenant, condition, restriction, profit, mortgage, deed of trust, security instrument, lien, hypothecation or encumbrance affecting the Property or any interest therein, on or off record (each, an "Encumbrance"), and (C) shall not, without the prior written consent of Buyer, which may be granted or withheld in Buyer's reasonable discretion, enter into any contract or agreement regarding the sale, operation, management, repair, development or improvement of the Property or any other matter affecting the Property, which would be binding on Buyer or the Property.
- c) With respect to any title exception or condition affecting the Property, Buyer may deliver to Seller a written notice of exception ("Title Objection Notice") by the later of (i) the date that is twenty (20) days after Buyer's receipt of the Title Reports, or (ii) the date that is five (5) Business Days after receipt of actual notice of any additional title exception. If Buyer shall have delivered to Seller any Title Objection Notice with respect to any title exception, then within five (5) Business Days after receipt of the Title Objection Notice, Seller shall deliver to Buyer a response to the Title Objection Notice, stating either that (A) Seller shall cure such title exception at or prior to Closing and provide Buyer with evidence satisfactory to Buyer that such title exception shall be removed from title as of or prior to the Closing, or (B) Seller shall not cure such title exception. If Seller fails to deliver to Buyer any response to the Title Objection Notice within five (5) Business Days after receipt of the Title Objection Notice, then Seller shall be conclusively deemed to have elected not to cure such title exception.
- d) If Seller is obligated or has elected to cure any title exception under this Section 5, but fails to cure such title exception at or prior to the Scheduled Closing, or if Seller has elected not to cure any title exception under Section 5(c)(B) above, then Buyer may elect, in its sole discretion, by delivery of written notice to Seller and Escrow Holder, to either (A) terminate this Agreement, in which case Escrow Holder shall promptly refund the Deposit to Buyer, and 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, or (B) proceed to the Closing in accordance with this Agreement without any reduction in the Purchase Price.
- e) Upon the Closing, Seller shall obtain from the Title Company, at Seller's sole cost and expense, a CLTA Owner's Policy of Title Insurance, in the full amount of the Purchase Price, showing good

and marketable fee simple title to the Property, subject only to the Permitted Exceptions and any other standard printed policy terms, conditions and exclusions registered by the Title Company with the State of California for inclusion in an owner's policy of title insurance (the "Title Policy").

- f) The term "Permitted Exceptions" shall mean, collectively, all title exceptions affecting the Property with respect to which Buyer, after receiving actual notice of such title exception, either failed to deliver a Title Objection Notice, or having delivered a Title Objection Notice, subsequently waived in writing any objection. At the Closing, Seller shall convey to Buyer good and marketable fee simple title to the Property, subject only to the Permitted Exceptions.
- g) Notwithstanding anything to the contrary contained in this Agreement, Buyer hereby acknowledges that the Property is currently encumbered by that certain First Mortgage Indenture, dated as of October 1, 1940, as subsequently amended and/or supplemented, as each of the same may have been recorded in Official Records of Los Angeles County, California, (the "Trust Indenture"). The successor and current trustee under the Trust Indenture is U.S. Bank National Association, a corporation "Trustee"). Buyer and Seller hereby acknowledge and agree that the release of the Property from the lien of the Trust Indenture is a condition precedent to the consummation of the purchase and sale of the Property in accordance with this Agreement. Seller shall use reasonable efforts to obtain a release from the Trustee of the fee interest in the Property from the lien of the Trust Indenture prior to Closing; provided, however, Seller shall have no obligation to seek such release unless and until Buyer has completed its Due Diligence and this Agreement has not otherwise terminated pursuant to any express provisions therefor. Buyer and Seller hereby agree that if the Seller is not able to obtain such release prior to Closing, this Agreement shall automatically and immediately terminate without the need for any further action by Buyer or Seller, in which case Escrow Holder shall promptly refund the Deposit to Buyer, and Buyer and Seller shall have no further obligations to each other under this Agreement, except those obligations that, by their terms survive the termination of this Agreement. If Seller receives actual notice that the Trustee has denied the request for release, then Seller shall promptly deliver written notice of such denial to the Buyer, provided that the delivery of such written notice shall not be a prerequisite to the termination of this Agreement. Buyer and Seller hereby agree that the failure of the Trustee to approve the release and the resulting termination of this Agreement and subsequent failure to consummate the purchase and sale of the Property in accordance with this Agreement shall not constitute either a Seller Default or a Buyer Default under this Agreement.

6. Due Diligence / Condition of Property.

- (a) During the period commencing on the Effective Date and expiring as of 5:00 p.m. Pacific time on the date that is twenty-one (21) days after the Effective Date (the "Due Diligence Period"), Buyer and Buyer's employees, agents, representatives, contractors and their respective successors and assigns ("Buyer Representatives") may, upon reasonable notice to Seller, enter the Property to perform such reports, inspections, tests, analyses, review, studies, audits and inquiries regarding the Property that Buyer deems necessary or desirable (collectively, the "Due Diligence"), and Seller shall have the right (but not the obligation) to be present or have a representative present while such Due Diligence is being conducted. Buyer shall promptly repair any damage to the Property caused by the performance of such Due Diligence by Buyer during the Due Diligence Period. Buyer shall comply with any and all applicable laws, ordinances, codes, statutes, rules, regulations, orders, decisions, decrees, permits, edicts and directives issued by any governmental

authority ("**Applicable Laws**") in the performance of the Due Diligence. Buyer will indemnify, defend and hold Seller harmless 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 Buyer's entry on the Property to perform its Due Diligence.

- (b) **Insurance.** During the Due Diligence Period, Buyer shall, at its sole expense, maintain in effect the following minimum insurance coverages to protect Seller and Buyer from Claims arising out of Buyer's or the Buyer Representatives' presence within or use of the Property: (a) comprehensive occurrence form commercial general liability insurance, insuring against liability arising from bodily injury, property damage, personal and advertising injury, independent contractors liability, products and completed operations and contractual liability, with limits of not less than One Million Dollars (\$1,000,000) per occurrence and not less than Two Million Dollars (\$2,000,000) in the aggregate, for bodily injury, death and property damage; (b) workers' compensation insurance and employer's liability insurance in accordance with statutory requirements; and (c) automobile liability insurance, insuring against liability for damages because of bodily injury, death, or damage to property, (including loss of use thereof), and occurring in any way related to the use, loading or unloading of any of Buyer's automobiles (including owned, non-owned, leased, rented and/or hired vehicles), with a combined single limit per occurrence of not less than Five Million Dollars (\$5,000,000). Prior to any entry into the Property by Buyer or the Buyer Representatives, Buyer shall deliver to Seller policies or certificates evidencing such insurance coverages, naming Seller and its parent company, Sempra Energy, and its subsidiaries, affiliates and their respective officers, directors, employees, agents, representatives, successors and assigns as additional insureds and providing that such insurance coverages may not be modified or terminated except upon not less than thirty (30) calendar days prior written notice to Seller and containing severability of interest and cross-liability clauses. The required policies, and any of Buyer's policies providing coverage excess of the required policies, shall provide that the coverage is primary for all purposes and Buyer shall not seek any contribution from any insurance or self-insurance maintained by Seller and shall contain a waiver of subrogation in favor of Seller. All required policies of insurance shall be written by companies having an A.M. Best rating of "A-, VII" or better, or equivalent. Buyer shall be solely responsible for any deductible or self-insured retention on insurance required hereunder this Agreement.
- (c) As of or prior to the expiration of the Due Diligence Period, Buyer shall deliver to Seller written notice either (i) approving the results of the Due Diligence (an "**Approval Notice**"), in which case Buyer and Seller shall proceed with the Closing, or (ii) disapproving the results of the Due Diligence, in which case this Agreement shall be terminated, and Escrow Holder shall promptly refund the Deposit to Buyer, and neither Party shall have any further rights or obligations under this Agreement, except those obligations that survive the expiration or termination of this Agreement. If Buyer fails to deliver an Approval Notice at or prior to the expiration of the Due Diligence Period, then Buyer shall be conclusively deemed to have disapproved the results of the Due Diligence and to have elected to terminate this Agreement.

7. **Seller's Conditions Precedent.** The following shall be conditions precedent to Seller's obligation to proceed with the Closing and consummate the sale of the Property in accordance with this Agreement:
- (a) Seller shall have received confirmation from Escrow Holder that Escrow Holder has received all of the following from Buyer:
    - (i) The Deposit, together with the remainder of the Purchase Price;
    - (ii) One (1) copy of the Settlement Statement, duly approved by Buyer,
    - (iii) Two (2) originals of a preliminary change in ownership statement as required under the California Revenue and Taxation Code, duly executed by Buyer;
    - (iv) Three (3) original counterparts of the Supplemental Escrow Instructions, if any, duly executed by Buyer;
    - (v) Such additional documents as may be reasonably requested by Seller or Escrow Holder to consummate the transactions contemplated in this Agreement.
  - (b) Seller shall have obtained approval from the California Public Utilities Commission (the "CPUC") for the sale of the Property, as more particularly described in Section 14 below (the "CPUC Approval").
  - (c) Buyer shall have performed, in all material respects, all covenants and obligations to be performed by Buyer at or prior to the Closing in accordance with this Agreement.
  - (d) Buyer's representations and warranties set forth this Agreement shall be true and correct as of the Closing Date, as if made on the Closing Date.
8. **Buyer's Conditions Precedent.** The following shall be conditions precedent to Buyer's obligation to proceed with the Closing and consummate the sale of the Property in accordance with this Agreement:
- (a) Buyer shall have received confirmation from Escrow Holder that Escrow Holder has received all of the following from Seller:
    - (i) One (1) original grant deed ("Deed") in the form attached hereto as Exhibit B, duly executed by Seller and properly notarized;
    - (ii) One (1) copy of the Settlement Statement, duly approved by Seller;
    - (iii) An original of a preliminary change in ownership statement as required under the California Revenue and Taxation Code, duly executed by Seller;
    - (iv) An original counterpart of the Supplemental Escrow Instructions, if any, duly executed by Seller;
    - (v) Such additional documents as may be reasonably requested by Buyer or Escrow Holder to consummate the transactions contemplated in this Agreement; and

- (vi) Fifty percent (50%) of all customary expenses due to Escrow Holder in connection with the Escrow, including but not limited to charges for the preparation, acknowledgment and recordation of documents necessary to effect the transactions contemplated in this Agreement and implement any Supplemental Escrow Instructions (collectively, "Escrow Fees").
- (b) Seller shall have performed, in all material respects, all covenants and obligations to be performed by Seller at or prior to the Closing in accordance with this Agreement.
- (c) Seller's representations and warranties set forth in this Agreement shall be true and correct as of the Closing Date, as if made on the Closing Date.
- (d) Buyer shall have approved the title matters affecting the Property and received confirmation that the Title Company is irrevocably committed to issue the Title Policy in accordance with Section 5 above.

9. Closing of Escrow.

- a) Subject to the satisfaction of all of Seller's conditions precedent set forth in Section 7 above and Buyer's conditions precedent set forth in Section 8 above, Buyer and Seller shall use diligent good faith efforts to cause the Closing to occur no later than 5:00 p.m. Pacific Time on or before the date that is five (5) days after the expiration of the Due Diligence Period (the "Scheduled Closing"), provided, however, that the Scheduled Closing may be postponed as follows: (i) if, as of the Scheduled Closing, all of Seller's conditions precedent set forth in Section 7 of this Agreement shall have been satisfied, but any of Buyer's conditions precedent set forth in Section 8 of this Agreement shall not have been satisfied for any reason other than the fault of Buyer, then Buyer may elect to postpone the Closing for a reasonable period of time not to exceed ten (10) Business Days in order to permit Buyer's conditions precedent set forth in Section 8 of this Agreement to be satisfied, (ii) in order for Seller to obtain CPUC Approval as contemplated by Section 14 below, (iii) in order for Seller to obtain the release of the Property from the lien of the Trust Indenture as contemplated by Section 5(g) above, or (iv) upon the mutual written agreement of the Parties.
- b) Buyer shall pay the following closing costs at the Closing:
  - 1) Fifty percent (50%) of all Escrow Fees;
  - 2) One hundred percent (100%) of all customary expenses due in connection with the acknowledgment and recordation of documents necessary to effect the transactions contemplated in this Agreement (collectively, "Recordation Fees");
  - 3) One hundred percent (100%) of the cost of any surveys needed in connection with the sale and purchase of the Property and;
  - 4) One hundred percent (100%) of any documentary transfer taxes assessed in connection with the transactions contemplated in this Agreement; and
- c) Seller shall pay the following closing costs at the Closing:

- 1) One hundred percent (100%) of the portion of the premium for the Title Policy that is equal to the premium for a California Land Title Association Owner's Title Policy insuring the Property in the full amount of the Purchase Price;
  - 2) Fifty percent (50%) of all Escrow Fees, and;
  - 3) One hundred percent (100%) of Broker's commission pursuant to Section 10(a)(ix)
- d) Seller shall be responsible for all *ad valorem* taxes and assessments on the Property attributable to any period up through and including the Closing. Buyer shall be responsible for all *ad valorem* taxes and assessments on the Property attributable to any period from and after the Closing. Each of Buyer and Seller shall pay through Escrow its pro-rata share of such *ad valorem* taxes and assessments for the current tax fiscal year. Any other taxes or assessments imposed on the Property for a fixed period that includes the date of the Closing shall be prorated between Buyer and Seller depending on the portion of the applicable period during which each will own the Property. Escrow Holder shall prorate all taxes and assessments on a 365-day basis. Buyer shall pay any supplemental real property taxes levied on the Property as a result of the change of ownership of the Property effected by the sale of the Property by Seller to Buyer. All installments of any bond or assessment that constitutes a lien on the Property at the Closing shall be assumed by Buyer.

10. Seller's Representations and Warranties.

- (a) Seller hereby makes the following representations and warranties as of the Effective Date and as of the Closing (or if made as of a specific date, as of such specific date):
- (i) Ownership; Power; Authority. Seller owns the fee simple interest in the Property. Seller is a corporation, duly organized under the laws of the State of California, authorized to conduct business in California, and has the requisite right, power and authority to execute, deliver and perform the terms and conditions of this Agreement and to consummate the transactions contemplated in this Agreement. Seller has taken all actions necessary to authorize the execution, delivery and performance of the terms and conditions of this Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement. The performance by Seller of Seller's obligations and responsibilities under this Agreement will not violate or constitute a default under the terms and provisions of any material agreement, document or instrument to which Seller is a party or by which Seller or the Property is bound or affected. All proceedings required to be taken by or on behalf of Seller to authorize Seller to execute, deliver and perform the terms and conditions of this Agreement have been duly and properly taken. No further consent of any person or entity is required in connection with the execution and delivery of, or performance by Seller of its obligations under this Agreement.
  - (ii) 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 (A) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other Applicable Laws affecting or relating to the rights of creditors generally, or (B) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law.

- (iii) 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.
- (iv) Applicable Laws. To the best of Seller's knowledge, Seller has not received any notice from any governmental authority of any violation of any Applicable Law affecting the Property.
- (v) No Litigation, Bankruptcy, Condemnation or Special Assessment Proceedings. There is no litigation pending or, to the best of Seller's knowledge, threatened, against Seller that arises out of the ownership of the Property or that might affect the value or use or development of the Property or the ability of Seller to perform Seller's obligations under this Agreement. There are no voluntary or involuntary bankruptcy proceedings pending or, to the best of Seller's knowledge, involuntary bankruptcy proceedings threatened, against Seller, and Seller is not currently subject to any bankruptcy order or judgment affecting the Property. There are no condemnation, zoning or other land use regulation proceedings or special assessment proceedings pending or, to the best of Seller's knowledge, threatened, with respect to the Property.
- (vi) No Violation of Environmental Law/Storage Tanks. To the best of Seller's knowledge, (A) there are no environmental proceedings pending or, to the best of Seller's knowledge, threatened, with respect to the Property, (B) Seller has not received actual notice from any governmental Authority of any violation of Environmental Law (as defined below) with respect to the Property, and (C) there are no underground storage tanks located within the Property.
- (vii) Permits and Approvals. The Property has received all approvals and permits that are required for its current operation, in accordance with Applicable Laws. Seller has not received actual notice from any Governmental Authority of any violation of any permit or approval with respect to the Property.
- (viii) Due Diligence Materials. To the best of Seller's knowledge, any Due Diligence Materials delivered by Seller to Buyer pursuant to this Agreement are complete and correct copies. Seller makes no representation or warranty as to the content or accuracy of any Due Diligence Materials that were prepared by third parties for Seller's use.
- (ix) Broker's Commissions. Seller represents and warrants to Buyer that it has not had any contact or dealings with any person or real estate broker other than CBRE, Inc., ("Broker") which would give rise to the payment of any fee or brokerage commission in connection with this Agreement. Seller shall indemnify, hold harmless and defend Buyer from and against any liability arising from a breach of

such representation and warranty by Seller. Seller covenants and agrees to pay all sales commissions due in connection with this Agreement to Broker in accordance with the Exclusive Sales Listing Agreement, dated June 1, 2018.

- (b) As used herein, the phrase "Seller's knowledge" will be limited to the actual knowledge of Martha Solano, without duty of inquiry or investigation into the matter so qualified. "Seller's knowledge" will not be construed to refer to the knowledge of any other agent or employee or principal of Seller. Martha Solano will have no personal liability to Buyer for any breach of any representations or warranties in this Agreement.
- (c) The representations and warranties contained herein shall survive the execution and delivery of the Deed and the Closing for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing. If Buyer fails to provide written notice to Seller of any breach of a representation or warranty contained in this Section 10 within the period set forth in this Section 10 for survival of such representation or warranty, Buyer will be deemed to have waived all claims for breach of such representation or warranty.
- (d) As used in this Section 10, "Environmental Law" shall mean any Applicable Law relating to: (a) air emissions or the storage, use, release, generation, treatment, storage or disposal of hazardous or toxic wastes, wastewater discharges and similar environmental matters; or (b) the impact of the matters described in the preceding clause upon human health or the environment, including but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.), the Hazardous Substance Account Act (Cal. Health & Safety Code § 25300 et seq.), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.), and the California Clean Air Act (Cal. Health & Safety Code § 39000 et seq.).

11. Buyer's Representations and Warranties.

- (a) Buyer hereby makes the following representations and warranties as of the Effective Date and as of the Closing (or if made as of a specific date, as of such specific date):
  - (i) Organization; Standing; Power; Authority. Buyer is a corporation, duly organized and existing in the State of California, and has the requisite right, power and authority to execute, deliver and perform the terms and conditions of this Agreement and to consummate the transactions contemplated in this Agreement. Buyer has taken all corporate action necessary to authorize the



execution, delivery and performance of the terms and conditions of this Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement. The individual executing this Agreement and any other documents or agreements to be executed and/or delivered in connection with or pursuant to this Agreement has been duly authorized to do so. The performance by Buyer of Buyer's obligations and responsibilities under this Agreement will not violate or constitute a default under the terms and provisions of Buyer's bylaws or any material agreement, document or instrument to which Buyer is a party or by which Buyer is bound or affected. All proceedings required to be taken by or on behalf of Buyer to authorize Buyer to execute, deliver and perform the terms and conditions of this Agreement have been duly and properly taken. No further consent of any person or entity is required in connection with the execution and delivery of, or performance by Buyer of its obligations under this Agreement.

(ii) **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 Buyer, enforceable against Buyer in accordance with their terms, except as such enforcement may be limited by (A) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other Applicable Laws affecting or relating to the rights of creditors generally, or (B) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(iii) **Buyer's Broker's Commissions.** Buyer represents and warrants to Seller that Buyer has not entered into any agreement or taken any action that will result in any obligation to pay any brokerage, finder's fee or similar commission in connection with the purchase and sale of the Property as contemplated in this Agreement.

(b) The representations and warranties contained herein shall survive the execution and delivery of the Deed and the Closing for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing. If Seller fails to provide written notice to Buyer of any breach of a representation or warranty contained in this Section 11 within the period set forth in this Section 11 for survival of such representation or warranty, Seller will be deemed to have waived all claims for breach of such representation or warranty.

12. **"As-Is" Nature of Sale.**

(a) Subject to Seller's obligations set forth in this Agreement, Buyer shall purchase the Property, "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in Section 10 of this Agreement, Seller has made and makes no representations or warranties of any kind or nature, express or implied, with respect to the Property, and 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. Buyer expressly acknowledges and agrees that Seller has not tested and will not test any of the existing pipelines (including any insulation or painted surfaces) and related equipment located on, under or around the Property to determine if the

presence of PCBs, lead paint or asbestos is present. Buyer acknowledges and agrees that it is informed that federal regulations govern and restrict the use and reuse of PCB-contaminated natural gas pipes and appurtenances, including without limitation, prohibition on the use of such material in contact with food, feed or drinking water, and that asbestos, lead and other heavy metals from paint, paint chips, and dust can pose health and environmental hazards and must be managed properly, including removal, storage, transportation and disposal. Buyer shall be responsible for managing, removing and disposing of all such pipelines, equipment and related materials in strict compliance with all applicable federal, state and local requirements

- (b) The transaction contemplated by this Agreement has been negotiated between Buyer and Seller, and this Agreement reflects the mutual agreement of Buyer and Seller. Buyer hereby acknowledges that Buyer has conducted or shall conduct all such Due Diligence that it deems necessary or desirable, and Buyer shall rely on Buyer's Due Diligence and Buyer's own judgment in determining whether to purchase the Property.
- (c) Effective from and after the Closing, Buyer hereby waives, releases, acquits, and forever discharges Seller, and Seller's agents, managers, members and employees to the maximum extent permitted by law, of and from any and all Claims, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or that may arise in the future because of or in any way growing out of or connected with this Agreement and the Property (including without limitation the Condition of the Property), provided, however, that such waiver, release, acquittal and discharge shall not apply to (i) any 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, or (ii) any matters arising from Seller's fraud or intentional misrepresentation. IF IN ANY WAY APPLICABLE TO THE FOREGOING RELEASE, BUYER EXPRESSLY WAIVES RIGHTS GRANTED UNDER CALIFORNIA CIVIL CODE §1542 AND ANY OTHER PROVISION OF LAW THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT BUYER DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH, IF KNOWN BY IT, MUST HAVE MATERIALLY AFFECTED ITS AGREEMENT TO RELEASE SELLER.

Seller and Buyer have each initialed this Section 12 (c) to further indicate their awareness and acceptance of each and every provision of this Agreement. The provisions of this Section 12 will survive Closing.

Seller's Initials clt Buyer's Initials SM

13. Indemnification.

Buyer hereby agrees that it shall be solely liable for and shall indemnify, defend and hold harmless Seller and Seller's current and future, direct and indirect parent company(ies), subsidiaries, affiliates, divisions and their respective directors, officers, shareholders, employees, agents, representatives, and Seller's contractors and/or subcontractors, tenants, invitees, licensees, permittees, and successors and assigns (collectively, "Seller Indemnitees") from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, damages, costs or expenses (including reasonable attorney fees and disbursements by their outside and in-house counsel) of any kind whatsoever arising from the obligations or actions of Buyer in connection with the

transaction contemplated in this Agreement or otherwise arising out of Buyer's acceptance of the "as-is" condition of the Property ("Claims"), including without limitation, any such Claims resulting from injuries or death of any person, damage or destruction of any property, including property of any Seller Indemnitee, any third party claims arising out of or in any way connected with Buyer's (including any party acting for or on behalf of Buyer ("Buyer Party")), and for any violation, default or breach by Buyer of the terms and conditions of this Agreement; provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the actions of Seller with respect to the Property prior to the Closing or to the extent the Claims are caused by the willful misconduct or gross negligence of Seller or any Seller Indemnitee.

14. Approval of California Public Utilities Commission. Buyer and Seller hereby acknowledge and agree that receipt of the requisite approvals of the CPUC, as required under Applicable Laws, including but not limited to Section 851 of the California Public Utilities Code, is a condition precedent to the consummation of the purchase and sale of the Property in accordance with this Agreement. Seller shall have no obligation to seek CPUC Approval unless and until Buyer has completed its Due Diligence and this Agreement has not otherwise terminated pursuant to any express provisions therefor. Buyer and Seller hereby agree that if the CPUC denies the application for the CPUC Approval, this Agreement shall automatically and immediately terminate without the need for any further action by Buyer or Seller, in which case Escrow Holder shall promptly refund the Deposit to Buyer, and Buyer and Seller shall have no further obligations to each other under this Agreement, except those obligations that, by their terms survive the termination of this Agreement. If either Party receives actual notice that the CPUC has denied the application for the CPUC Approval, then the receiving Party shall promptly deliver written notice of such denial to the other Party, provided that the delivery of such written notice shall not be a prerequisite to the termination of this Agreement. Buyer and Seller hereby agree that the failure of the CPUC to issue the CPUC Approval and the resulting termination of this Agreement and subsequent failure to consummate the purchase and sale of the Property in accordance with this Agreement shall not constitute either a Seller Default or a Buyer Default under this Agreement.

15. Buyer Default. If Buyer fails to consummate the Closing in accordance with this Agreement or defaults 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; PROVIDED, HOWEVER, THAT BY INITIALING THIS SECTION, BUYER AND SELLER HEREBY AGREE THAT, IN THE EVENT OF A BUYER DEFAULT, (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES, (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO SELLER, (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF SELLER, (D) SELLER MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES AND (E) THE PAYMENT OF THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT RATHER IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

Buyer's Initials: GM

Seller's Initials: CBH

16. **Seller Default.** If Seller fails to consummate the Closing in accordance with this Agreement or defaults in any 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 a refund of the Deposit and/or 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 all or any portion of the Property.
17. **Waiver of Performance.** Either Party may waive the satisfaction or performance of any terms or conditions of this Agreement that have been included in this Agreement for its benefit, so long as such waiver is in writing, specifies the waived term or condition, and is delivered to the other Party and Escrow Holder.
18. **Notice.** All notices under this Agreement shall be in writing and shall be effective upon actual receipt whether delivered by personal delivery (including by reputable same day commercial courier), legible facsimile or reputable overnight courier or sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Parties as follows:

If to Buyer:                   The Corridor, LLC  
ATTN: Shaul Mezrahi  
333 NORTH PALM CANYON DRIVE  
SUITE # 109  
PALM SPRINGS, CALIF. 92262  
shaulmezrahi@gmail.com  
Facsimile: (866) 571-8374

If to Seller:                   Southern California Gas Company  
c/o Martha Solano  
555 West 5th Street  
Los Angeles, CA 90013  
[msolano@semprautilities.com](mailto:msolano@semprautilities.com)  
Facsimile: (818) 701-3910

If to Escrow Holder:       Fidelity National Title Insurance Company  
ATTN: Alissa Vatter  
40-004 Cook Street, Suite 2  
Palm Desert, CA 92211  
[Alissa.vatter@fnf.com](mailto:Alissa.vatter@fnf.com)  
Facsimile: (760) 776-5128

19. **Amendments.** This Agreement may be amended only by written agreement signed by both of the Parties.
20. **Time of the Essence.** Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence.
21. **Counterparts.** 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.

22. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of California, without reference to its choice of law provisions.
23. **Attorneys' Fees and Costs.** In any action between the Parties seeking the enforcement of any of the terms or conditions of this Agreement or in connection with the Property, the prevailing Party in such action shall be awarded, in addition to any damages or equitable relief, its reasonable attorney's fees and costs.
24. **Prior Agreements.** This Agreement supersedes any and all oral or written agreements between the Parties regarding the Property 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.
25. **Further Assurance.** Buyer and Seller agree to execute all such necessary documents and instruments and cooperate and do all acts and things as reasonably shall be requested by either party in order to consummate the transactions contemplated in this Agreement, including, but not limited to, the lot line adjustment and conditional use permit requirements in the Agreement to allow Buyer to use the Property in the conduct of its business. The foregoing shall remain in effect after the Closing.
26. **Successors and Assign.** This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.
27. **Severability.** 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.
28. **No Third-Party Beneficiaries.** 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.
29. **Construction of Agreement.** The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties. The language of this Agreement and all documents and instruments referred to in this Agreement have been prepared, examined, negotiated and revised by each Party and its legal counsel, and no implication shall be drawn and no provision shall be construed against any Party by virtue of the purported identity of the drafter of this Agreement. 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. When required by the context, whenever the singular is used in this Agreement, the same shall include the plural, and the plural shall include the singular, the masculine gender shall include the feminine and neuter genders, and vice versa. As used in this Agreement, the term "Seller" shall include the respective successors and assigns of Seller, and the term "Buyer" shall include the successors and permitted assigns of Buyer.
30. **No Partnership or Joint Venture.** 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.
31. **Natural Hazard Disclosure Statement.** As used herein, the term "Natural Hazard Area" shall mean those areas identified as natural hazard zones in the Natural Hazard Disclosure Act, Sections 8589.3, 8589.4, and 51183.5 of the California Government Code and Sections 2621.9, 2694, and 4136 of the California Public Resources Code, as amended (the "Natural Hazard Disclosure Act"). Buyer shall obtain a Natural Hazard Disclosure Statement ("Natural Hazard

**Disclosure Statement”). Buyer has retained the services of Disclosure Source (the “Natural Hazard Consultant”) to examine the maps and other information made available to the public by government agencies for the purpose of enabling Seller to fulfill its disclosure obligations with respect to the Natural Hazard Disclosure Act and to prepare a written report of the result of its examination (the “Natural Hazard Report”). Buyer acknowledges that the Natural Hazard Report fully and completely discharges Seller from its disclosure obligations under the Natural Hazard Disclosure Act, and, for the purpose of this Agreement, the provisions of Section 1103.4 of the California Civil Code shall be deemed to apply and the Natural Hazard Consultant shall be deemed to be an expert dealing within the scope of its expertise with respect to the examination and Natural Hazard Report. Buyer hereby acknowledges and agrees that nothing contained in the Natural Hazard Disclosure Statement shall release Buyer from its obligation to fully investigate the condition of the Property, including but not limited to whether the Property is located in any Natural Hazard Area and that Buyer has the expertise to perform, and has performed, such investigations. Buyer further acknowledges and agrees that the matters set forth in the Natural Hazard Disclosure Statement or Natural Hazard Report may change on or prior to the Closing Date and that Seller has no obligation to update, modify, or supplement the Natural Hazard Disclosure Statement or Natural Hazard Report. Buyer shall be solely responsible for preparing and delivering its own Natural Hazard Disclosure Statement to subsequent prospective buyers of the Property.**

32. **Assignment.** Buyer may not assign this Agreement without Seller’s prior written consent, which shall not be unreasonably withheld, conditioned or delayed, except that Buyer shall have the right to assign this Agreement and all of Buyer’s rights under this Agreement to any entity controlling, controlled by or under common control with Buyer, without Seller’s consent, provided that the assignee assumes all duties and obligations of Buyer under this Agreement. Upon the assignee’s assumption of Buyer’s duties and obligations, Buyer shall not be relieved of liability under this Agreement.
33. **1031 Exchange.** If either Buyer or Seller intends to qualify this transaction as part of a tax deferred exchange under section 1031 of the Internal Revenue Code, the other party hereto agrees to cooperate with such party and its named qualified intermediary as may be reasonable and necessary to facilitate the exchange, provided the same will neither delay the Closing nor cause additional expense or liability to such cooperating party.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

SELLER:

SOUTHERN CALIFORNIA GAS COMPANY,  
a California corporation

By: Carmen Herrera

Name: Carmen Herrera

Title: Director

Approved as to Legal Form
By: <u>Michelle Meghrouni</u>
Michelle Meghrouni
Date: <u>10/16/18</u>

BUYER:

The Corridor, LLC  
a California limited liability company

By: Shaul Mezrahi

Name: Shaul Mezrahi

Title: Managing Member

**ESCROW HOLDER'S RECEIPT OF PURCHASE AND SALE AGREEMENT**

The undersigned hereby acknowledges that it has received a fully executed counterpart original of the Purchase and Sale Agreement dated as of \_\_\_\_\_, 2018, by and between Seller and Buyer. The undersigned agrees to act as the Escrow Holder under this Agreement and to comply with the instructions set forth herein.

FIDELITY NATIONAL TITLE  
INSURANCE COMPANY

By:  
Name:  
Title:  
Dated:

**ESCROW HOLDER'S RECEIPT OF BUYER'S DEPOSIT**

The undersigned hereby acknowledges that on \_\_\_\_\_, 2018, it has received the full amount of the Buyer's Deposit as referenced in Section 3(b)(i) of the Purchase and Sale Agreement dated as of \_\_\_\_\_, 2017, by and between Seller and Buyer.

FIDELITY NATIONAL TITLE  
INSURANCE COMPANY

By:  
Name:  
Title:  
Dated:



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

All that real property located in the County of Riverside, State of California, described below:

The southeast quarter of the northeast quarter of the southeast quarter of the northeast quarter of Section 14, Township 4 South, Range 4 East, San Bernardino Base and Meridian.

Excepting therefrom the easterly 40 feet thereof.

Also excepting therefrom that portion of the Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter of Section 14, Township 4 South, Range 4 East, San Bernardino Base and Meridian, described as follows:

Commencing at the Southeast corner of the Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter of said Section 14, said Southeast corner bears North along the center line of Sunrise Way, a distance of 655.40 feet from the Southeast corner of the Northeast quarter of said Section 14, thence South  $89^{\circ} 57' 09''$  West along the southerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter, a distance of 40.00 feet to a point, said point being the TRUE POINT OF BEGINNING; thence South  $89^{\circ} 57' 09''$  West along said southerly line, a distance of 289.32 feet to the Southwest corner of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; then North  $0^{\circ} 00' 24''$  West along the westerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter, a distance of 40.00 feet to a point on a line that is parallel with and 40.00 feet northerly of the southerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North  $89^{\circ} 57' 09''$  East along said parallel line, a distance of 259.34 feet to the beginning of a tangent curve concave Northwesterly, have a radius of 20.00 feet; thence Northeasterly along the arc of said curve, through a central angle of  $89^{\circ} 57' 09''$ , a distance of 31.40 feet to a point on a line that is parallel with and 50.00 feet Westerly of the Easterly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North along said parallel line a distance of 267.74 feet to a point on the northerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North  $89^{\circ} 58' 51''$  east along said northerly line, a distance of 10.00 feet to a point on a line that is parallel with and 40.00 feet westerly from the easterly line of said Southeast quarter of the Northeast quarter of the Southeast

quarter of the Northeast quarter; thence South along said parallel line, a distance of 327.72 to the TRUE POINT OF BEGINNING.

**EXHIBIT B**  
**FORM OF GRANT DEED**  
[See attached]

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

\_\_\_\_\_  
\_\_\_\_\_

**MAIL TAX STATEMENTS TO:**

\_\_\_\_\_  
\_\_\_\_\_

Space Above This Line Reserved for Recorder's Use

DOCUMENTARY TRANSFER TAX \$ _____
EXEMPTION (R&T CODE) _____
EXPLANATION _____
_____
Signature of Declarant or Agent determining tax

**GRANT DEED**

FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, Southern California Gas Company, a California corporation ("Grantor"), hereby grants to \_\_\_\_\_, a \_\_\_\_\_ ("Grantee"), on the terms and conditions set forth below, (a) the real property located at \_\_\_\_\_ in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of California, described in Exhibit A attached hereto and incorporated by this reference (the "Property").

WHEREFORE, Grantor has executed this Grant Deed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**GRANTOR:**

SOUTHERN CALIFORNIA GAS COMPANY,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
 )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, Notary Public, personally appeared, \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
 )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, Notary Public, personally appeared, \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(Seal)

**EXHIBIT A TO GRANT DEED  
LEGAL DESCRIPTION**

All that real property located in the County of Riverside, State of California, described below:

The southeast quarter of the northeast quarter of the southeast quarter of the northeast quarter of Section 14, Township 4 South, Range 4 East, San Bernardino Base and Meridian.

Excepting therefrom the easterly 40 feet thereof.

Also excepting therefrom that portion of the Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter of Section 14, Township 4 South, Range 4 East, San Bernardino Base and Meridian, described as follows:

Commencing at the Southeast corner of the Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter of said Section 14, said Southeast corner bears North along the center line of Sunrise Way, a distance of 655.40 feet from the Southeast corner of the Northeast quarter of said Section 14, thence South  $89^{\circ} 57' 09''$  West along the southerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter, a distance of 40.00 feet to a point, said point being the TRUE POINT OF BEGINNING; thence South  $89^{\circ} 57' 09''$  West along said southerly line, a distance of 289.32 feet to the Southwest corner of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; then North  $0^{\circ} 00' 24''$  West along the westerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter, a distance of 40.00 feet to a point on a line that is parallel with and 40.00 feet northerly of the southerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North  $89^{\circ} 57' 09''$  East along said parallel line, a distance of 259.34 feet to the beginning of a tangent curve concave Northwesterly, have a radius of 20.00 feet; thence Northeasterly along the arc of said curve, through a central angle of  $89^{\circ} 57' 09''$ , a distance of 31.40 feet to a point on a line that is parallel with and 50.00 feet Westerly of the Easterly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North along said parallel line a distance of 267.74 feet to a point on the northerly line of said Southeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter; thence North  $89^{\circ} 58' 51''$  east along said northerly line, a distance of 10.00 feet to a point on a line that is parallel with and 40.00 feet westerly from the easterly line of said Southeast quarter of the Northeast quarter of the Southeast

quarter of the Northeast quarter; thence South along said parallel line, a distance of 327.72 to the TRUE POINT OF BEGINNING.





## Fidelity National Title Company

3237 East Guasti Road, Suite 105, Ontario, CA 91761  
Phone: (909) 569-0226 • Fax: (800) 507-0841

### FIRST AMENDMENT TO AGREEMENT/ESCROW INSTRUCTIONS TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“FIRST AMENDMENT”)

To: Fidelity National Title Company  
Date: November 12, 2018  
Escrow No.: 30020979012JDL  
Property Address: 211 North Sunrise Way, Palm Springs, CA 92262

The Instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

The Purchase and Sale Agreement and Joint Escrow Instructions entered into as of October 19, 2018, by and between The Corridor LLC, a California limited liability company (“Buyer”) and Southern California Gas Company, a California corporation (“Seller”) (the “Original Agreement”) (the Original Agreement together with this First Amendment are referred to collectively as the “Agreement”) is modified as follows:

1. Due Diligence/Condition of Property. The Due Diligence Period in Section 6 of the Original Agreement is hereby extended to expire on November 20, 2018 as of 5:00 p.m. Pacific Time.
2. Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this First Amendment attached thereto. All parties signing this First Amendment acknowledge receipt of a copy of same.
3. No Further Modification. Except as set forth in this First Amendment, all of the terms and provisions of the Original Agreement shall remain unmodified and in full force and effect. In the event of conflict between the terms and conditions of the Original Agreement and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall prevail and control.
4. Electronic Signatures. Buyer and Seller each (i) have agreed to permit the use of telecopy or other electronic signatures in order to expedite the execution of this First Amendment, (ii) intends to be bound by its respective telecopy or other electronic signature, (iii) is aware that the other will rely on such telecopied or other electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of this First Amendment based on the fact that a signature was sent by telecopy or electronic transmission only.

5. Entire Agreement. The Original Agreement as modified by the First Amendment embodies the entire understanding between Seller and Buyer with respect to its subject matter and can be changed only by an instrument in writing signed by Seller and Buyer. All capitalized terms not otherwise specifically defined in this First Amendment shall have meanings ascribed to such terms in the Original Agreement.

All other terms and conditions remain the same.

**BUYER:**

**The Corridor, LLC,**  
a California limited liability company

By:   
Shaul Mezrahi, Managing Member

**SELLER:**

**Southern California Gas Company,**  
a California corporation

By: 

Name: Carmen Herrera

Its: Director



**Fidelity National Title Company**  
3237 East Guasti Road, Suite 105, Ontario, CA 91761  
Phone: (909) 569-0226 • Fax: (800) 507-0841

**SECOND AMENDMENT TO AGREEMENT/ESCROW INSTRUCTIONS  
TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW  
INSTRUCTIONS  
("SECOND AMENDMENT")**

To: Fidelity National Title Company  
Date: December 18, 2018  
Escrow No.: 30020979012JDL  
Property Address: 211 North Sunrise Way, Palm Springs, CA 92262

The Instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

The Purchase and Sale Agreement and Joint Escrow Instructions entered into as of October 19, 2018, by and between The Corridor LLC, a California limited liability company ("Buyer") and Southern California Gas Company, a California corporation ("Seller") (the "Original Agreement"), as modified by First Amendment to Agreement/Escrow Instructions to Purchase and Sale Agreement and Joint Escrow Instructions dated as of November 12, 2018 ("First Amendment") (the Original Agreement together with the First Amendment and this Second Amendment are referred to collectively as the "Agreement") is modified as follows:

1. Purchase Price. Section 3 (a), Purchase Price of the Original Agreement is hereby amended to be One Million One Hundred Ten Thousand and No/100 Dollars (\$1,110,000.00).
2. Counterparts. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Second Amendment attached thereto. All parties signing this Second Amendment acknowledge receipt of a copy of same.
3. No Further Modification. Except as set forth in this Second Amendment, all of the terms and provisions of the Original Agreement shall remain unmodified and in full force and effect. In the event of conflict between the terms and conditions of the Original Agreement and the terms and conditions of this Second Amendment, the terms and conditions of this Second Amendment shall prevail and control.
4. Electronic Signatures. Buyer and Seller each (i) have agreed to permit the use of telecopy or other electronic signatures in order to expedite the execution of this Second Amendment, (ii) intends to be bound by its respective telecopy or other electronic signature, (iii) is aware that the other will rely on such telecopied or other electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of this Second Amendment based on the fact that a signature was sent by telecopy or electronic transmission only.

5. Entire Agreement. The Original Agreement as modified by the Second Amendment embodies the entire understanding between Seller and Buyer with respect to its subject matter and can be changed only by an instrument in writing signed by Seller and Buyer. All capitalized terms not otherwise specifically defined in this Second Amendment shall have meanings ascribed to such terms in the Original Agreement.

All other terms and conditions remain the same.

**BUYER:**

**The Corridor, LLC,**  
a California limited liability company

By:   
Shaul Mezrahi, Managing Member

**SELLER:**

**Southern California Gas Company,**  
a California corporation

By: 

Name: Carmen Herrera \_\_\_\_\_

Its: Director \_\_\_\_\_

**ATTACHMENT B**

**Advice No. 5424**

**Net Value Report By Major  
Location/Utility Account**

Sempra Energy Corp. - Set of books: Financial

Financial

Company	Major Location	Utility Account	Accum Cost	Alloc Reserve	Net Value
<b>Southern California Gas Company</b>					
0365 Palm Springs Office					
	121BLDG-Non-U Struct & Improv		\$1,193,192.03	\$431,724.74	\$761,467.29
	121LAND-Non U Land		\$135,563.35	\$0.00	\$135,563.35
	Location Total:		\$1,328,755.38	\$431,724.74	\$897,030.64
	Company Total:		\$1,328,755.38	\$431,724.74	\$897,030.64
	Grand Total:		\$1,328,755.38	\$431,724.74	\$897,030.64

**ATTACHMENT C**

**Advice No. 5424**

**Improved Land Comparables**

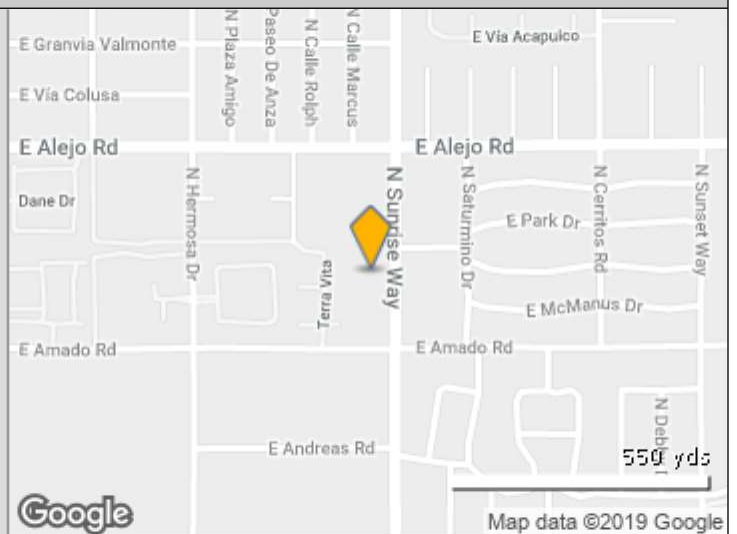
1

# 1550 Amado Rd

**SOLD**

Palm Springs, CA 92262

Sale on 6/24/2016 for \$1,300,000 (\$464,285.71/AC) - Research Complete  
Residential Land of 2.80 AC (121,968 SF)



### Buyer & Seller Contact Info

Recorded Buyer: **Indio 40 Investments LP**  
 True Buyer: **Shaul & Carol Mezrahi**  
**Shaul Mezrahi**  
 PO Box 2399  
 Rancho Mirage, CA 92270  
 (760) 799-0361

Buyer Type: **Individual**  
 Buyer Broker: **The Hoffman Company**  
**Erik Christianson**  
 (949) 705-0920

Recorded Seller: **James D Miller**  
 True Seller: **James D Miller**  
**James Miller**  
 1550 E Amado Rd  
 Palm Springs, CA 92262

Seller Type: **Individual**  
 Listing Broker: **Sperry Van Ness**  
**John Stiles**  
 (760) 327-6644  
**Windward Commercial Real Estate Services**  
**David Worden**  
 (650) 726-1031

### Transaction Details

ID: 3640829

Sale Date: <b>06/24/2016 (403 days on market)</b>	Sale Type: <b>Investment</b>
Escrow Length: <b>90 days</b>	Land Area: <b>2.80 AC (121,968 SF)</b>
Sale Price: <b>\$1,300,000-Confirmed</b>	Proposed Use: <b>MultiFamily, Apartment Units - Condo, Apartment Units - Senior</b>
Asking Price: <b>1800000</b>	
Price/AC Land Gross: <b>\$464,285.71 (\$10.66/SF)</b>	
Zoning: <b>MR</b>	Percent Improved: <b>-</b>
Transfer Tax: <b>\$1,430</b>	Total Value Assessed: <b>\$1,274,975 in 2015</b>
	Improved Value Assessed: <b>-</b>
	Land Value Assessed: <b>\$1,274,975</b>
	Land Assessed/AC: <b>\$455,348</b>

Off-Site Improv: **Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water**

Legal Desc: **2.80 ACRES M/L IN POR NE 1/4 OF SEC 14 T4S R4E FOR TOTAL DESCRIPTION SEE ASSESSORS MAPS**

Parcel No: **508-060-036**





**1550 Amado Rd****SOLD**

Residential Land of 2.80 AC (121,968 SF) (con't)

Document No: **0259323**  
 Sale History: **Sold for \$1,300,000 on 6/24/2016**  
**Sold for \$1,250,000 on 11/3/2014**  
**Sold for \$1,250,000 on 10/24/2013**

**Transaction Notes**

This land sold for \$1,300,000 all cash. It took about 3 weeks for escrow to close. Buyer is planning a residential development. The number of SFR was not available. There were no sale conditions that could have affected the sale price.

**Income Expense Data**

<b>Expenses</b>	- Taxes	<b>\$16,031</b>
	- Operating Expenses	
	<b>Total Expenses</b>	<b>\$16,031</b>

**Current Land Information**

ID: 9255423

Zoning: <b>MR</b>	Proposed Use: <b>MultiFamily/Apartment Units - Condo/Apartment Units - Senior</b>
Density Allowed: -	Land Area: <b>2.80 AC (121,968 SF)</b>
Number of Lots: -	On-Site Improv: -
Max # of Units: -	Lot Dimensions: -
Units per Acre: -	Owner Type: <b>Individual</b>
Improvements: -	
Legal Desc: <b>2.80 ACRES M/L IN POR NE 1/4 OF SEC 14 T4S R4E</b>	
Off-Site Improv: <b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>	

**Location Information**

Metro Market: **Inland Empire (California)**  
 Submarket: **Inland Empire East/Coachella Valley**  
 County: **Riverside**  
 CBSA: **Riverside-San Bernardino-Ontario, CA**  
 CSA: **Los Angeles-Long Beach, CA**  
 DMA: **Palm Springs, CA**

**Land Notes**

This land is going to be used for SFR development. Unable to confirm a number of homes.

**ATTACHMENT D**

**Advice No. 5424**

**Unimproved Land Comparables**

# 305 W San Rafael Dr - Vista Del Monte

**SOLD**

1

**Palm Springs, CA 92262**

Sale on 2/19/2016 for \$890,000 (\$217,073.17/AC) - Research Complete  
Residential Land of 4.10 AC (178,596 SF)



### Transaction Details

ID: 3530571

Sale Date: **02/19/2016**  
Escrow Length: -  
Sale Price: **\$890,000-Confirmed**

Sale Type: **Investment**  
Land Area: **4.10 AC (178,596 SF)**  
Proposed Use: **MultiFamily, Apartment Units, Apartment Units - Condo, Hold for Development**

Price/AC Land Gross: **\$217,073.17 (\$4.98/SF)**

Zoning: **R2**

Percent Improved: -  
Total Value Assessed: **\$138,060 in 2015**  
Improved Value Assessed: -  
Land Value Assessed: **\$138,060**  
Land Assessed/AC: **\$33,673**

Financing: **Down payment of \$300,000.00 (33.7%)**

Topography: **Level**  
On-Site Improv: **Raw land**  
Off-Site Improv: **Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water**

Parcel No: **504-103-006, 504-103-004, 504-103-005, 504-103-003, 504-103-001, 504-103-002**  
Document No: **0065284**  
Sale History: **Sold on 8/22/2018 Non-Arms Length Sold for \$890,000 on 2/19/2016**

### Transaction Notes

6 contiguous lots totaling 4.06 Acres sold for \$890,000. The intended use will be for 24 condo units to begin construction 2016. All 6 lots are zoned R2 which, per the City of Palm Springs, allows 1 unit for each 3,000 sq.ft. of land.

Seller Loan (Carryback)

**305 W San Rafael Dr - Vista Del Monte****SOLD**

Residential Land of 4.10 AC (178,596 SF) (con't)

**Income Expense Data**

<b>Expenses</b>	- Taxes	<b>\$1,743</b>
	- Operating Expenses	
	Total Expenses	<b>\$1,743</b>

**Current Land Information**

ID: 7210787

Zoning:	<b>R2</b>	Proposed Use:	<b>MultiFamily/Apartment Units/Apartment Units - Condo/Hold for Development</b>
Density Allowed:	-	Land Area:	<b>4.10 AC (178,596 SF)</b>
Number of Lots:	<b>24</b>	On-Site Improv:	<b>Raw land</b>
Max # of Units:	<b>50</b>	Lot Dimensions:	-
Units per Acre:	-	Owner Type:	-
Improvements:	-		
Topography:	<b>Level</b>		
Off-Site Improv:	<b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>		

**Location Information**

Cross Street:	<b>N. Puerta Del Sol</b>
Located:	<b>SWC of E. Hospitality Ln. &amp; N. Puerta Del Sol</b>
Metro Market:	<b>Inland Empire (California)</b>
Submarket:	<b>Inland Empire East/Coachella Valley</b>
County:	<b>Riverside</b>
CBSA:	<b>Riverside-San Bernardino-Ontario, CA</b>
CSA:	<b>Los Angeles-Long Beach, CA</b>
DMA:	<b>Palm Springs, CA</b>

**3552 E La Campana Way****SOLD****Palm Springs, CA 92262**Sale on 7/18/2016 for \$230,000 (\$241,317.81/AC) - Research Complete  
Industrial Land of 0.95 AC (41,517 SF)**Transaction Details**

ID: 3678183

Sale Date:	<b>07/18/2016 (376 days on market)</b>	Sale Type:	<b>Investment</b>
Escrow Length:	-	Land Area:	<b>0.95 AC (41,517 SF)</b>
Sale Price:	<b>\$230,000-Full Value</b>	Land Area - Net:	<b>0.95 AC (41,513 SF)</b>
Asking Price:	<b>249500</b>	Proposed Use:	<b>Industrial</b>
Price/AC Land Gross:	<b>\$241,317.81 (\$5.54/SF)</b>		
Zoning:	<b>M1P</b>	Percent Improved:	-
		Total Value Assessed:	<b>\$479,349 in 2015</b>
		Improved Value Assessed:	-
		Land Value Assessed:	<b>\$479,349</b>
		Land Assessed/AC:	<b>\$502,936</b>
Street Frontage:	<b>163 feet on E La Campana</b>		
Financing:	<b>Down payment of \$230,000.00 (100.0%)</b>		
Topography:	<b>Level</b>		
On-Site Improv:	<b>Raw land</b>		
Off-Site Improv:	<b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>		
Parcel No:	<b>677-461-004</b>		
Document No:	<b>0299195</b>		

**Transaction Notes**

0.95 acres sold for \$230,000

Zoning is M-1-P, Administrative, Wholesaling, Warehousing and Light Manufacturing.

Lot size: 41,517 SF or .953 Acre.

From Gene Autry Trail turn onto E. Tachevah Drive to Montalvo to Campana Way. The property is located directly next to Western Pacific Roofing Corporation.

**3552 E La Campana Way****SOLD**

Industrial Land of 0.95 AC (41,517 SF) (con't)

**Income Expense Data**

<b>Expenses</b>	- Taxes	<b>\$6,194</b>
	- Operating Expenses	
	Total Expenses	<b>\$6,194</b>

**Current Land Information**

ID: 9025580

Zoning:	<b>M1P</b>	Proposed Use:	<b>Industrial</b>
Density Allowed:	-	Land Area:	<b>0.95 AC (41,517 SF)</b>
Number of Lots:	-	Land Area - Net:	<b>0.95 AC</b>
Max # of Units:	-	On-Site Improv:	<b>Raw land</b>
Units per Acre:	-	Lot Dimensions:	-
Improvements:	-	Owner Type:	<b>Corporate/User</b>
Topography:	<b>Level</b>		
Off-Site Improv:	<b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>		
Street Frontage:	<b>163 feet on E La Campana</b>		

**Location Information**

Metro Market:	<b>Inland Empire (California)</b>
Submarket:	<b>Inland Empire East/Coachella Valley</b>
County:	<b>Riverside</b>
CBSA:	<b>Riverside-San Bernardino-Ontario, CA</b>
CSA:	<b>Los Angeles-Long Beach, CA</b>
DMA:	<b>Palm Springs, CA</b>

# NWC Sahara Rd - Vacant Lots Sahara Rd

**SOLD**

3

Palm Springs, CA 92262

Sale on 8/18/2016 for \$130,000 (\$121,665.89/AC)

Commercial Land of 1.07 AC (46,544 SF)



## Transaction Details

ID: 3822101

Sale Date:	<b>08/18/2016 (548 days on market)</b>	Sale Type:	<b>Investment</b>
Escrow Length:	-	Land Area:	<b>1.07 AC (46,544 SF)</b>
Sale Price:	<b>\$130,000-Confirmed</b>	Proposed Use:	-
Asking Price:	<b>199500</b>		
Price/AC Land Gross:	<b>\$121,665.89 (\$2.79/SF)</b>		
Zoning:	<b>R1C</b>	Percent Improved:	-
Transfer Tax:	<b>\$143</b>	Total Value Assessed:	<b>\$466,837 in 2016</b>
		Improved Value Assessed:	-
		Land Value Assessed:	<b>\$466,837</b>
		Land Assessed/AC:	<b>\$436,908</b>
Topography:	<b>Level</b>		
On-Site Improv:	<b>Raw land</b>		
Off-Site Improv:	<b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>		
Legal Desc:	<b>Lots 58, 69, &amp; 70, Desert Park Estates #1, Bk 28, Pg 36</b>		
Parcel No:	<b>501-314-002, 501-314-014, 501-314-015</b>		
Document No:	<b>0354403</b>		

## Income Expense Data

<b>Expenses</b>	- Taxes	<b>\$5,785</b>
	- Operating Expenses	
	<b>Total Expenses</b>	<b>\$5,785</b>

**NWC Sahara Rd - Vacant Lots Sahara Rd****SOLD**

Commercial Land of 1.07 AC (46,544 SF) (con't)

**Current Land Information**

ID: 9588696

Zoning:	<b>R1C</b>	Proposed Use:	-
Density Allowed:	-	Land Area:	<b>1.07 AC (46,544 SF)</b>
Number of Lots:	-	On-Site Improv:	<b>Raw land</b>
Max # of Units:	-	Lot Dimensions:	-
Units per Acre:	-	Owner Type:	<b>Individual</b>
Improvements:	-		
Topography:	<b>Level</b>		
Off-Site Improv:	<b>Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water</b>		

**Location Information**

Metro Market: **Inland Empire (California)**  
 Submarket: **Inland Empire East/Coachella Valley**  
 County: **Riverside**  
 CBSA: **Riverside-San Bernardino-Ontario, CA**  
 CSA: **Los Angeles-Long Beach, CA**  
 DMA: **Palm Springs, CA**



**ATTACHMENT E**

**Advice No. 5424**

**Memorandum of Understanding**

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made by and between Disability Rights Advocates (DisabRA), and San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (collectively SDG&E and SoCalGas shall be referred to as the "Utilities" or "Utility"; collectively DisabRA and the Utilities shall be referred to as the "Parties."). In this MOU the Parties agree on a mutually acceptable outcome to certain access issues raised by DisabRA as an Intervenor in the *Application of San Diego Gas & Electric Company for authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008* (A.06-12-009), and the *Application of Southern California Gas Company for authority to update its gas revenue requirement and base rate effective on January 1, 2008* (A.06-12-010).

### RECITALS

**WHEREAS** A.06-12-009 and A.06-12-010 contain forecasts of costs for the test year 2008;

**WHEREAS** in A.06-12-009 and A.06-12-010 DisabRA has raised certain issues regarding the impact of the Utilities' practices on people with Disabilities including: (1) access to Branch Offices and Authorized Payment Locations; (2) access to Utility Websites; (3) the Utilities' Emergency Customer Communication Systems; and (4) Pedestrian Rights of Way.

**WHEREAS** Utilities and DisabRA desire to resolve the issues raised by DisabRA without further litigation in the current proceedings.

### AGREEMENT

**NOW THEREFORE**, in consideration of the above Recitals and for good cause, as demonstrated below, it is hereby agreed as follows:

#### **1 Definitions**

The terms specified in this Section 1, when used in this MOU and the Recitals with the initial letters capitalized, whether in the singular or the plural, shall have the meanings stated in this Section 1.

- 1.1 AAA: The American Arbitration Association, or any successor organization.
- 1.2 Applicable Law: All federal and state laws and regulations that protect the rights of people with Disabilities to full and equal access to

governmental programs, services and activities and/or places of public accommodation, including Cal. Gov. Code §§ 4450, and 11135 *et seq.*, Cal. Civ. Code §§ 51 *et seq.*, and 54 *et seq.*, Title 24 of the California Code of Regulations ("Title 24"), the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 *et seq.* and its implementing regulations including the Americans with Disabilities Act Access Guidelines ("ADAAG"), and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Sec. 794, provided however, that nothing in this MOU shall require such programs, services and activities or places of public accommodation to provide such access if exempted from doing so, or otherwise not required to do so, under these federal and state laws and regulations.

- 1.3 Authorized Payment Locations: Establishments authorized to collect in-person payment of Utility bills. Such establishments do not have a contractual relationship with the Utilities but are instead acquired and retained through the use of a third party network provider.
- 1.4 Branch Offices: Those Utility-operated offices open to the public for in person payment of Utility bills. Some Branch Offices are operated in buildings/space owned by the Utilities ("Utility-Owned Branch Offices"). Other Branch Offices are operated in leased buildings/space ("Utility-Leased Branch Offices").
- 1.5 Compliance Period: The Parties agree that the MOU shall become effective the day after CPUC approval and shall remain in effect until a final decision is issued in the Utilities' next rate case.
- 1.6 Construction Sites: Areas in the Pedestrian Rights of Way where Utilities are performing construction or repair of electric or gas facilities. Construction Sites do not include sites where inspections of electric or gas facilities are being performed, or where the Utility has not originated the construction work.
- 1.7 Consultant: A third party or parties specializing in the evaluation of access for the Disabled. For each Consultant required by this MOU, the Utilities shall notify DisabRA of the identity of the Consultant that they choose and provide DisabRA a reasonable time to object. If DisabRA reasonably objects to the Utilities' chosen Consultant, then the Utilities shall select a different Consultant, taking DisabRA's concerns into account in the selection of the different Consultant.
- 1.8 CPUC: The Public Utilities Commission of the State of California.
- 1.9 Disability or Disabled: With respect to an individual, any limitation of a person's ability to move his or her body, or a portion of his or her body, that would cause the person to meet the definition set forth in 42

U.S.C. § 12102(2)(a) and/or Cal. Gov't Code § 12926(k), and/or any limitation of a person's ability to see that would cause the person to meet the definition set forth in 42 U.S.C. § 12102(2)(a) and/or Cal. Gov't Code § 12926(k).

- 1.10 **Effective Date:** The effective date of this MOU is the day after the CPUC approves this MOU.
- 1.11 **Parties:** Disability Rights Advocates and the Utilities.
- 1.12 **Pedestrian Rights of Way:** Sidewalks and other pathways used by pedestrians along public rights of way in the Utilities' electric and gas service territory.
- 1.13 **Proceeding:** the *Application of San Diego Gas & Electric Company for authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008 (A.06-12-009)*, and the *Application of Southern California Gas Company for authority to update its gas revenue requirement and base rate effective on January 1, 2008 (A.06-12-010)*.
- 1.14 **Transaction-Related Elements:** Shall refer to the following elements of the APLs in the Utilities' networks:
  - a. Parking facilities for those APLs that provide parking and control the parking area where such parking is provided;
  - b. Pathway(s) from the sidewalk or other adjacent public area to the entrance of the APL, to the extent that the APL controls the area between the two points;
  - c. Pathway(s) from the parking area to the entrance of the APL, for those APLs that control the pathway(s) from the parking area to the entrance;
  - d. Entrance(s) to the APL, including ramps to the entrance(s), if any;
  - e. Pathway(s) from the entrance(s) to the service counter(s) and other areas, if any, where SCG/SDG&E-related transactions take place;
  - f. Service counter(s) and other areas or equipment, if any, where SCG/SDG&E-related transactions take place; and

## 2 Terms

- 2.1 DisabRA agrees that if this MOU is approved by the CPUC, DisabRA will not pursue further, on its own behalf, any of the issues that it has raised in this Proceeding during the Compliance Period, other than disputes regarding the Utilities' implementation of this MOU. DisabRA

further reserves the right to seek enforcement of the obligations set forth in this MOU. Nothing in this Section 2.1 is intended to restrict DisabRA's ability to represent third parties or practice law concerning the issues raised in this Proceeding, as envisioned by Rule 1-500 of the Rules of Professional Conduct of the State Bar of California.

- 2.2 This MOU embodies the entire understanding and agreement of the Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the Parties with respect to those matters.
- 2.3 This MOU represents the agreement between the Parties to the facts and law as specified. The Parties agree that this MOU should not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding.
- 2.4 The Parties agree that this MOU is reasonable, consistent with law, and in the public interest.
- 2.5 The Parties agree that this MOU shall not be construed against any Party because that Party or its counsel or advocate drafted the provision.
- 2.6 This MOU may be amended or changed only by a written agreement signed by the Parties.
- 2.7 In the Proceeding, the Parties shall jointly request CPUC approval of the MOU and shall actively support prompt approval of the MOU.
- 2.8 The Parties intend that the MOU shall be interpreted and treated as a unified, integrated agreement. In the event the CPUC rejects or modifies this MOU, the Parties reserve their rights to renegotiate this MOU.
- 2.9 Captions are included for reference only, and are not intended to affect the meaning of the contents or the scope of this MOU.
- 2.10 This MOU shall be governed by and construed in accordance with California law. Each provision of this MOU shall be interpreted in such a manner as to be valid and enforceable under California law, but if any provision hereof shall be or become prohibited or invalid under any applicable law, that provision shall be ineffective only to the extent of such prohibition or invalidity, without thereby invalidating the remainder of that provision or any other provision hereof.
- 2.11 This MOU may be executed in counterparts, which taken together shall constitute an original. Facsimiles of original pages shall be

binding on the Parties to the MOU. The Parties shall exchange original signed counterparts as soon as possible.

- 2.12 The Parties agree that, except as otherwise noted below, the CPUC retains exclusive jurisdiction to enforce the terms of this MOU and resolve any disputes regarding the Parties' performance under this MOU.

**3 Branch Offices and Authorized Payment Locations**

- 3.1 The Utilities will engage a Consultant to survey each of their Branch Offices and prepare reports (Reports) regarding each Branch Office's accessibility and compliance with Applicable Law. All Branch Offices will be surveyed and reported upon by no later than December 31, 2007.
- 3.2 The Reports shall categorize each Branch Office as follows :
- a. Category 0: No accessibility remediation efforts required.
  - b. Category 1: Accessibility adjustments or modifications will not require a construction permit from the local municipality or other governing entity.
  - c. Category 2: Accessibility adjustments or modifications will require a construction permit or permits from the local municipality or other governing entity.
- 3.3 In cooperation with the Utilities' third party provider of Authorized Payment Locations (APLs), a Consultant will survey the accessibility and compliance of all Transaction-Related Elements and any other elements mutually agreed to by the parties at all APLs in the Utilities' networks by no later than March 31, 2008.
- 3.4 Beginning no later than January 31, 2008 the Utilities will begin the planning and remediation of Category 1 Utility-Owned Branch Offices. All Category 1 Utility-Owned Branch Offices will be made compliant with Applicable Law by June 30, 2009.
- 3.5 Beginning no later than January 31, 2008, each of the Utilities will begin the planning and remediation of one (1) Category 2 Utility-Owned Branch Office each calendar quarter. The Utilities will apply promptly for any necessary permits. Each Category 2 Utility-Owned Branch Office selected for planning and remediation shall be fully made compliant with Applicable Law within one (1) year of receiving a construction permit or permits from the local municipality or other governing entity for that office.

- 3.6 No later than March 31, 2008, the Utilities will submit to DisabRA a plan for making all Branch Offices that will remain open pursuant to such plan (including both Utility-Owned Branch Offices and Utility-Leased Branch Offices) compliant with Applicable Law ( Branch Office Plan). The Branch Office Plan will identify which Branch Offices will:
- a. remain open at their current locations;
  - b. be relocated at the expiration of their current lease; and,
  - c. be closed at the termination of their current lease.

The Branch Office Plan will also identify additional Branch Offices, in addition to those already proposed in the Proceeding, to be recommended for closure. The Branch Office Plan will propose a reasonable timeline for the remediation of all Branch Offices proposed to remain open, but in any event, all Branch Offices that are to remain open pursuant to the Branch Office Plan shall be made compliant with Applicable Law by no later than March 30, 2012. To the extent that the Utilities recommend, pursuant to the Branch Office Plan, closing additional Branch Offices, and those recommendations are rejected, such Branch Offices shall be made compliant with Applicable Law within a reasonable time of such rejection(s), and in no event later than March 30, 2012.

- 3.7 DisabRA may submit to the Utilities revisions to, and comments on, the Branch Office Plan until June 30, 2008. If the Parties cannot reach agreement on a final Branch Office Plan by July 31, 2008, then the Parties shall commence the Dispute Resolution Procedures described in Section 7 of this MOU.
- 3.8 To provide an accessible in-person payment alternative at least until remediation of the Branch Offices is completed, based on the survey of the APLs described in Section 3.3, the Utilities will contract with at least one (1) accessible APL within a reasonable distance of each Category 2 Utility-Leased Branch Office by June 30, 2008. The Utilities shall propose a plan by April 30, 2008 to DisabRA to meet this commitment, and DisabRA shall have until May 31, 2008 to provide an assessment of the plan and offer feedback to the Utilities. If the Parties cannot reach agreement on the plan covered by this subsection by July 31, 2008, then the Parties shall commence the Dispute Resolution Procedures described in Section 7 of this MOU.
- 3.9 Beginning on September 30, 2008 and occurring semi-annually for two years thereafter, the Utilities shall provide to DisabRA a report of Branch Offices and APLs that are accessible and the status of the Utilities' efforts towards achieving accessibility (Status Report). The last semi-annual Status Report shall be due on September 30, 2010. After that, the Status

Report shall be provided by the Utilities to DisabRA annually (by September 30 of each year) until the termination of this MOU.

3.10 The Utilities shall actively promote the use of Branch Offices and APLs that are accessible, including the use of posters and maps in Branch Offices, Website postings, and Customer Service telephone communications. Specifically, a list of accessible Branch Offices and APLs shall be posted on the Utilities' websites beginning on June 30, 2008 and shall be updated regularly. Customer service representatives for the Utilities shall be trained to provide information to callers regarding the locations of accessible Branch Offices and APLs

3.11 By June 30, 2008, the Utilities shall provide to DisabRA an integrated Branch Office and APL plan (Integrated Plan). The Integrated Plan will incorporate the Branch Office Plan described in Section 3.6 of this MOU and will:

a. propose a reasonable transition period for bringing the Transaction-Related Elements of all APLs into compliance with Applicable Law, with some limited exceptions as described below, and identify interim milestones to ensure continued progress toward that result; and

b. propose a plan for how to bring the Transaction-Related Elements of APLs into compliance with Applicable Law.

The Transaction-Related Elements of all APLs in the Utilities' networks shall be compliant with Applicable Law by no later than June 30, 2012, with some limited exceptions as described below. DisabRA may submit to the Utilities revisions to, and comments on, the Integrated Plan until August 31, 2008. If the Parties cannot reach agreement on a final Integrated Plan by September 30, 2008, then the Parties shall commence the Dispute Resolution Procedures described in Section 7 of this MOU.

3.12 The Parties agree that there may be some limited number of APLs that are indispensable and therefore must remain open, even after the transition period, despite failing to be in compliance with Applicable Law. The Utilities will include in the Integrated Plan a list of any such facilities, along with an explanation of why the Utilities believe each such facility should be excepted from the general requirement that APLs be compliant, and shall identify any additional such facilities (with an explanation) in their Status Reports. The Parties shall meet and confer regarding whether an exception should be granted for each facility so identified in the Integrated Plan or Status Reports.



- 3.13 The Utilities agree that only APLs that comply with Applicable Law for Transaction-Related Elements will be added to the Utilities' APL networks.
- 3.14 The Utilities agree to engage a Consultant to survey 10% of Branch Offices and 10% of APLs annually, beginning in 2009 until the expiration of this MOU. At least 4 of the APLs surveyed annually shall be new APLs added to the Utilities' APL networks (at least 1 new APL in the SDG&E network and at least 3 new APLs in the SoCalGas network). The results of the Consultant's surveys shall be included as part of the Utilities' Status Reports.
- 3.15 DisabRA agrees not to oppose the Utilities' closure of Branch Offices as proposed in this Proceeding. Moreover, the Utilities represent that they may choose to close additional Branch Offices in order to ensure that all open Branch Offices are fully accessible to all customers, as set forth above. DisabRA agrees not to oppose the proposed closure of any Branch Office(s) for that purpose.

#### **4 Utilities' Websites**

- 4.1 As of the Effective Date of this MOU, the Utilities shall publish new Web pages for [socalgas.com](http://socalgas.com) and [sdge.com](http://sdge.com) that conform to the Priority 1 and Priority 2 checkpoints, as outlined in the Web Content Accessibility Guidelines (WCAG) of the World Wide Web Consortium.
- 4.2 The Utilities shall review and revise, as needed, Web pages dealing with Safety, Financial Assistance, Service Requests, Contact Us, and Residential Rebates to conform to the WCAG. Web pages that show up as frequently visited (i.e. top 50 most frequently visited), based on Web traffic reporting, will be similarly reviewed and revised.
- 4.3 Web content described in Section 4.2, over which the Utilities maintain complete control, will be reviewed and revised to be compliant with WCAG Priority 1 and Priority 2 by June 30, 2008. Web content involving third-party vendor software will be audited and the Utilities will use best efforts to work cooperatively with the third-party vendors to ensure that Priority 1 and 2 standards are met within a reasonable time.
- 4.4 The Utilities' Web development group shall continue ongoing Web accessibility training.
- 4.5 The Utilities agree to engage a Consultant to survey their websites bi-annually, beginning in 2009 until the expiration of this MOU. The results of the Consultant's surveys shall be included in the Utilities' Status Reports.

## **5 The Utilities' Emergency Customer Communication System**

- 5.1 To facilitate emergency notification to Disabled customers in circumstances where the Utilities are already providing emergency notifications, the Utilities agree to install a new outbound dialer platform by no later than December 31, 2009. This new platform will include TTY capability as well as the capability to communicate with other non-traditional platforms using text messages and email. In conjunction with installation of the new system, the Utilities shall conduct outreach to customers who are classified as medical baseline/life support customers who receive emergency communications that are typically provided to such customers to determine their preferred means of contact. The Utilities shall also revise their forms for participation in the emergency notification program to allow new medical baseline/life support customers to specify their preferred means of contact for emergency notifications at the time of enrollment.

## **6 Pedestrian Rights of Way**

- 6.1 By June 30, 2008, the Utilities shall, with the assistance of a Consultant, incorporate, in writing, to the extent consistent with Applicable Law, the Public Rights-of-Way Access Advisory Committee's (PROWAC) Part III: Recommended Standards, Scoping and Technical Provisions, into the Utilities' existing policies, standards, practices, guidelines and training material regarding Construction Sites.
- 6.2 By June 30, 2008, the Utilities shall present to DisabRA the Utility policies, standards, practices, guidelines and training material in redline to reflect the incorporation of the PROWAC provisions discussed in Section 6.1 (PROWAC Redlines).
- 6.3 Upon meeting and conferring regarding the PROWAC Redlines, if the Parties cannot reach agreement on final PROWAC Redlines by August 30, 2008, then the Parties shall commence the Dispute Resolution Procedures described in Section 7 of this MOU.
- 6.4 Within six (6) months of reaching agreement on final PROWAC Redlines, the Utilities shall develop and implement any additional training necessary to implement the PROWAC provisions discussed in Section 6.1. The Utility shall have a reasonable amount of time to acquire any additional equipment necessary to abide by Applicable Law.
- 6.5 The design and engineering of all new, relocated, or significantly upgraded or modified facilities, and all construction practices that affect the Pedestrian Right of Way, shall, to the extent consistent with

Applicable Law, abide by the PROWAC provisions discussed in Section 6.1. For the purposes of this MOU, "significantly upgraded or modified" means projects which alter the use or purpose of existing facilities by greater than 50%. General maintenance and emergencies of any kind are specifically exempt from the requirements of this MOU. The Utilities shall have the PROWAC provisions discussed in Section 6.1 fully implemented and up-and-running in the field, including having conducted necessary training and purchasing any necessary equipment, by no later than June 30, 2009.

- 6.6 To the extent feasible, SDG&E shall endeavor to provide city and other municipal entities participating in programs to underground overhead electric facilities with information regarding which overhead electric corridors within an undergrounding district present the greatest impediments to accessibility.
- 6.7 The Utilities agree to engage a Consultant to review the Utilities' adherence to the new policies and guidelines discussed in this section. In coordination with the Utilities, the Consultant shall review at least 2 work sites in each of SDG&E's Electric Operations Regions (i.e. Beach Cities, North Coast, Orange County, Northeast and Eastern -- for a total of 10 reviews) and a least 5 work sites in each of SoCalGas' Gas Operations Regions (i.e. Northern, Southern Inland, and Pacific Coast -- for a total of 15 reviews) during the first year after the new policies and guidelines discussed in this Section 6 are implemented. The results of the Consultant's review shall be included in the Utilities' Status Reports discussed in Section 3. The Parties shall meet and confer after that one year period regarding whether additional work site inspections are necessary.

## **7 Dispute Resolution Procedures**

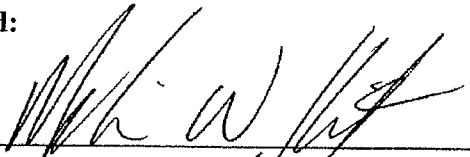
- 7.1 Any controversy arising out of or relating to this MOU shall be resolved at the request of any Party through the following three-step dispute resolution process:
  - 7.1.1 The Parties will make a good-faith effort to meet and confer to attempt to resolve the dispute.
  - 7.1.2 If the Parties cannot resolve the dispute through meet and confer, the Parties will attempt to resolve the dispute through mediation before a mutually-acceptable third party mediator in San Diego, California.
  - 7.1.3 If mediation is unsuccessful, the Parties agree to submit the dispute to a final and binding arbitration before a mutually acceptable

arbitrator from the AAA panel in San Diego, California, administered by and in accordance with the then existing Rules of Practice and Procedure of AAA. In the event of any such dispute, the Parties shall be entitled to recover reasonable attorneys' fees and costs in accordance with Applicable Law.

**8 Intervenor Status and Compensation**

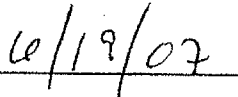
8.1 The Utilities agree that the issues resolved herein were properly raised by DisabRA and that DisabRA has made a substantial contribution to this Proceeding, as defined by Rule 1803(a) of the CPUC's Rules of Practice and Procedure. The Parties agree that it is reasonable and appropriate for DisabRA to receive intervenor compensation for certain tasks performed to implement the MOU, to the extent directed by the Commission.

Agreed:



Melissa W. Kasnitz, Managing Attorney

*For Disability Rights Advocates*



Date

\_\_\_\_\_  
Lee Schavrien, Sr. Vice President, Reg. Affairs Date

*For San Diego Gas & Electric Company and*

*Southern California Gas Company*

arbitrator from the AAA panel in San Diego, California, administered by and in accordance with the then existing Rules of Practice and Procedure of AAA. In the event of any such dispute, the Parties shall be entitled to recover reasonable attorneys' fees and costs in accordance with Applicable Law.

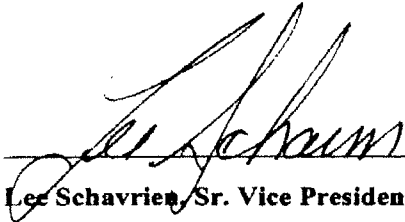
**8 Intervenor Status and Compensation**

8.1 The Utilities agree that the issues resolved herein were properly raised by DisabRA and that DisabRA has made a substantial contribution to this Proceeding, as defined by Rule 1803(a) of the CPUC's Rules of Practice and Procedure. The Parties agree that it is reasonable and appropriate for DisabRA to receive intervenor compensation for certain tasks performed to implement the MOU, to the extent directed by the Commission.

**Agreed:**

\_\_\_\_\_  
**Melissa W. Kasnitz, Managing Attorney**      **Date**

*For Disability Rights Advocates*

  
\_\_\_\_\_  
**Lee Schavrien, Sr. Vice President, Reg. Affairs**      **Date**

*6-19-07*

*For San Diego Gas & Electric Company and*

*Southern California Gas Company*

**ATTACHMENT F**

**Advice No. 5424**

**Asset Detail Report**

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
 Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
<b>2200-Gas</b>										
<b>0365 Palm Springs Office</b>										
<b>0365 Palm Springs Office</b>										
1121131	374.10-Land	00016033 PALM SPRINGS OFFICE SITE	Distribution Land: 22063	CONVERSION	1969	JUN-69	0	\$0.00	\$0.00	\$0.00
1121126	374.10-Land	00016032 PALM SPRINGS OFFICE SITE	Distribution Land: 22063	CONVERSION	1967	JUN-67	0	\$0.00	\$0.00	\$0.00
Total: Distribution Land: 22063							0	\$0.00	\$0.00	\$0.00
								\$0.00	\$0.00	\$0.00
<b>Total: 374.10-Land</b>										
1147855	375.00-Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Building : 22219	CONVERSION	2009	DEC-09	0	\$0.00	\$0.00	\$0.00
1147912	375.00-Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Building : 22219	CONVERSION	2009	DEC-09	0	\$0.00	\$0.00	\$0.00
1122001	375.00-Struct & Improv	00016644 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1975	JUN-75	0	\$0.00	\$0.00	\$0.00
1122092	375.00-Struct & Improv	00016647 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1988	JUN-88	0	\$0.00	\$0.00	\$0.00
1121803	375.00-Struct & Improv	00016643 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1963	JUN-63	0	\$0.00	\$0.00	\$0.00
1122116	375.00-Struct & Improv	00016648 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1990	JUN-90	0	\$0.00	\$0.00	\$0.00
1122056	375.00-Struct & Improv	00016645 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1985	JUN-85	0	\$0.00	\$0.00	\$0.00

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
2200-Gas										
0365 Palm Springs Office										
0365 Palm Springs Office										
1148213	375.00-Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Building : 22219	CONVERSION	2010	JAN-10	0	\$0.00	\$0.00	\$0.00
1122171	375.00-Struct & Improv	00016649 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1993	JUN-93	0	\$0.00	\$0.00	\$0.00
1121886	375.00-Struct & Improv	00046979 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1969	JUN-69	0	\$0.00	\$0.00	\$0.00
1122073	375.00-Struct & Improv	00016646 PALM SPRINGS OFFICE	Building : 22219	CONVERSION	1986	JUN-86	0	\$0.00	\$0.00	\$0.00
1136010	375.00-Struct & Improv	G0137500 CHANGE OUT ALARM SYSTEM - VARI	Building : 22219	CONVERSION	2002	FEB-02	0	\$0.00	\$0.00	\$0.00
Total: Building : 22219							0	\$0.00	\$0.00	\$0.00
1135545	375.00-Struct & Improv	I SEC.CAMERA & REPLC. VCR - PALM SPRINGS OFF.(LSD)	Building Leasehold Improv: 22220	CONVERSION	2000	SEP-00	0	\$0.00	\$0.00	\$0.00
Total: Building Leasehold Improv: 22220							0	\$0.00	\$0.00	\$0.00
1137325	375.00-Struct & Improv	PALM SPRINGS MW GENERATOR	Generator: 22222	CONVERSION	2002	JAN-02	0	\$0.00	\$0.00	\$0.00
Total: Generator: 22222							0	\$0.00	\$0.00	\$0.00
1148212	375.00-Struct & Improv	9809 PALM SPRINGS BO ROOF REPLACEMENT	Roof: 22225	CONVERSION	2010	JAN-10	0	\$0.00	\$0.00	\$0.00



Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
2200-Gas										
0365 Palm Springs Office										
0365 Palm Springs Office										
1147852	375.00-Struct & Improv	9809 PALM SPRINGS BO ROOF REPLACEMENT	Roof: 22225	CONVERSION	2009	DEC-09	0	\$0.00	\$0.00	\$0.00
Total: Roof: 22225							0	\$0.00	\$0.00	\$0.00
1147415	375.00-Struct & Improv	EFFICIENCY LIGHTING UPGRADE- PALM SPRINGS BO	Struct & Improv: 22226	CONVERSION	2009	JAN-09	0	\$0.00	\$0.00	\$0.00
1136886	375.00-Struct & Improv	HVAC SYSTEM AT PALM SPRING OFFICE, GENERATOR	Struct & Improv: 22226	CONVERSION	2001	JUN-01	0	\$0.00	\$0.00	\$0.00
1121977	375.00-Struct & Improv	00017303 MISCELLANEOUS IMPROVEMENTS	Struct & Improv: 22226	CONVERSION	1971	JUN-71	0	\$0.00	\$0.00	\$0.00
1121523	375.00-Struct & Improv	00047049 EQUIPMENT-MISCELLANEO	Struct & Improv: 22226	CONVERSION	1993	JUN-93	0	\$0.00	\$0.00	\$0.00
1145612	375.00-Struct & Improv	HVAC REPLACEMENT - PALM SPRINGS BO	Struct & Improv: 22226	CONVERSION	2007	MAR-07	0	\$0.00	\$0.00	\$0.00
1146918	375.00-Struct & Improv	EFFICIENCY LIGHTING UPGRADE- PALM SPRINGS BO	Struct & Improv: 22226	CONVERSION	2008	DEC-08	0	\$0.00	\$0.00	\$0.00
1137310	375.00-Struct & Improv	G0137500 HVAC SYSTEM AT PALM SPRING OFFICE	Struct & Improv: 22226	CONVERSION	2001	MAY-01	0	\$0.00	\$0.00	\$0.00
1121887	375.00-Struct & Improv	00017302 MISCELLANEOUS IMPROVEMENTS	Struct & Improv: 22226	CONVERSION	1969	JUN-69	0	\$0.00	\$0.00	\$0.00

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
 Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
<b>2200-Gas</b>										
0365 Palm Springs Office										
0365 Palm Springs Office										
1121407	375.00-Struct & Improv	00017305 MISCELLANEOUS IMPROVEMENTS	Struct & Improv: 22226	CONVERSION	1989	JUN-89	0	\$0.00	\$0.00	\$0.00
1142987	375.00-Struct & Improv	SECURITY SYSTEM FOR PALM SPRING PAYMENT OFFICE	Struct & Improv: 22226	CONVERSION	2004	JAN-04	0	\$0.00	\$0.00	\$0.00
1145291	375.00-Struct & Improv	HVAC REPLACEMENT - PALM SPRINGS BO	Struct & Improv: 22226	CONVERSION	2006	DEC-06	0	\$0.00	\$0.00	\$0.00
1121324	375.00-Struct & Improv	00017304 MISCELLANEOUS IMPROVEMENTS	Struct & Improv: 22226	CONVERSION	1979	JUN-79	0	\$0.00	\$0.00	\$0.00
Total: Struct & Improv: 22226							0	\$0.00	\$0.00	\$0.00
Total: 375.00-Struct & Improv								\$0.00	\$0.00	\$0.00
1143006	391.10-Office Furn & Equip-ME & FF	SAFE FOR PALM SPRING OFFICE	Furniture and Equip: 22040	CONVERSION	2004	JAN-04	0	\$0.00	\$0.00	\$0.00
Total: Furniture and Equip: 22040							0	\$0.00	\$0.00	\$0.00
Total: 391.10-Office Furn & Equip-ME & FF								\$0.00	\$0.00	\$0.00

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
<b>2200-Gas</b>										
0365 Palm Springs Office										
0365 Palm Springs Office										
1150286	391.20-Computer Equip	SCG NETWORK & TELEPHONY EXCEPTION REMED (PAL	Computer Equip: 22009	CONVERSION	2012	JAN-12	0	\$0.00	\$0.00	\$0.00
Total: Computer Equip: 22009							0	\$0.00	\$0.00	\$0.00
Total: 391.20-Computer Equip								\$0.00	\$0.00	\$0.00
Asset Location Total:								\$0.00	\$0.00	\$0.00
Major Location Total:								\$0.00	\$0.00	\$0.00
Business Segment Total:								\$0.00	\$0.00	\$0.00

2200-Non Utility

0365 Palm Springs Office

0365 Palm Springs Office

515061860	121BLDG-Non-U Struct & Improv	I SEC.CAMERA & REPLC. VCR - PALM SPRINGS OFF.(LSD)	Non-U Struct & Improv: 22238	CONVERSION	2000	SEP-00	1	\$1,970.54	\$1,245.31	\$725.23
515061788	121BLDG-Non-U Struct & Improv	00016647 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1988	JUN-88	0	\$3,139.02	\$3,098.60	\$40.42
515061779	121BLDG-Non-U Struct & Improv	00016646 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1986	JUN-86	0	\$38,178.11	\$24,631.06	\$13,547.05
515061986	121BLDG-Non-U Struct & Improv	HVAC SYSTEM AT PALM SPRING OFFICE, GENERATOR	Non-U Struct & Improv: 22238	CONVERSION	2001	JUN-01	0	\$38.42	\$14.18	\$24.24
515061887	121BLDG-Non-U Struct & Improv	9809 PALM SPRINGS BO ROOF REPLACEMENT	Non-U Struct & Improv: 22238	CONVERSION	2009	DEC-09	0	\$196,570.18	\$42,828.18	\$153,742.00

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
2200-Non Utility										
0365 Palm Springs Office										
0365 Palm Springs Office										
515061842	121BLDG-Non-U Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Non-U Struct & Improv: 22238	CONVERSION	2009	DEC-09	0	\$1,769.81	\$385.60	\$1,384.21
515061815	121BLDG-Non-U Struct & Improv	00046979 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1969	JUN-69	0	\$99,595.84	\$86,900.63	\$12,695.21
515061770	121BLDG-Non-U Struct & Improv	00016645 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1985	JUN-85	0	\$6,958.14	\$5,579.07	\$1,379.07
515061797	121BLDG-Non-U Struct & Improv	00016648 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1990	JUN-90	0	\$36,084.25	\$21,707.48	\$14,376.77
515061896	121BLDG-Non-U Struct & Improv	00017302 MISCELLANEOUS IMPROVEMENTS	Non-U Struct & Improv: 22238	CONVERSION	1969	JUN-69	0	\$37,134.67	\$32,401.21	\$4,733.46
515061968	121BLDG-Non-U Struct & Improv	HVAC REPLACEMENT - PALM SPRINGS BO	Non-U Struct & Improv: 22238	CONVERSION	2007	MAR-07	0	\$3,136.00	\$808.70	\$2,327.30
515061995	121BLDG-Non-U Struct & Improv	SECURITY SYSTEM FOR PALM SPRING PAYMENT OFFICE	Non-U Struct & Improv: 22238	CONVERSION	2004	JAN-04	1	\$18,198.43	\$5,731.70	\$12,466.73
515061824	121BLDG-Non-U Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Non-U Struct & Improv: 22238	CONVERSION	2010	JAN-10	0	\$7,210.18	\$1,422.06	\$5,788.12
515061977	121BLDG-Non-U Struct & Improv	HVAC REPLACEMENT - PALM SPRINGS BO	Non-U Struct & Improv: 22238	CONVERSION	2006	DEC-06	0	\$117,277.25	\$32,517.58	\$84,759.67
515061752	121BLDG-Non-U Struct & Improv	00016643 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1963	JUN-63	0	\$2.00	\$1.76	\$0.24

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
2200-Non Utility										
0365 Palm Springs Office										
0365 Palm Springs Office										
515061923	121BLDG-Non-U Struct & Improv	00017305 MISCELLANEOUS IMPROVEMENTS	Non-U Struct & Improv: 22238	CONVERSION	1989	JUN-89	0	\$29,563.05	\$25,401.47	\$4,161.58
515061941	121BLDG-Non-U Struct & Improv	EFFICIENCY LIGHTING UPGRADE- PALM SPRINGS BO	Non-U Struct & Improv: 22238	CONVERSION	2009	JAN-09	0	\$1,047.82	\$228.30	\$819.52
515061905	121BLDG-Non-U Struct & Improv	00017303 MISCELLANEOUS IMPROVEMENTS	Non-U Struct & Improv: 22238	CONVERSION	1971	JUN-71	0	\$439.45	\$408.11	\$31.34
515061914	121BLDG-Non-U Struct & Improv	00017304 MISCELLANEOUS IMPROVEMENTS	Non-U Struct & Improv: 22238	CONVERSION	1979	JUN-79	0	\$1.00	\$0.87	\$0.13
515061806	121BLDG-Non-U Struct & Improv	00016649 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1993	JUN-93	0	\$7,369.59	\$6,575.51	\$794.08
515061959	121BLDG-Non-U Struct & Improv	G0137500 HVAC SYSTEM AT PALM SPRING OFFICE	Non-U Struct & Improv: 22238	CONVERSION	2001	MAY-01	0	\$5,678.97	\$2,095.31	\$3,583.66
515061869	121BLDG-Non-U Struct & Improv	PALM SPRINGS MW GENERATOR	Non-U Struct & Improv: 22238	CONVERSION	2002	JAN-02	1	\$23,690.84	\$10,766.87	\$12,923.97
515061932	121BLDG-Non-U Struct & Improv	00047049 EQUIPMENT-MISCELLANEO	Non-U Struct & Improv: 22238	CONVERSION	1993	JUN-93	0	\$3,718.91	\$3,318.19	\$400.72
515061878	121BLDG-Non-U Struct & Improv	9809 PALM SPRINGS BO ROOF REPLACEMENT	Non-U Struct & Improv: 22238	CONVERSION	2010	JAN-10	0	\$2,018.04	\$398.02	\$1,620.02
515061950	121BLDG-Non-U Struct & Improv	EFFICIENCY LIGHTING UPGRADE- PALM SPRINGS BO	Non-U Struct & Improv: 22238	CONVERSION	2008	DEC-08	0	\$11,487.35	\$2,734.96	\$8,752.39

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
2200-Non Utility										
0365 Palm Springs Office										
0365 Palm Springs Office										
515061833	121BLDG-Non-U Struct & Improv	6834 PALM SPRINGS BO ADA & ERGO IMPROVE	Non-U Struct & Improv: 22238	CONVERSION	2009	DEC-09	0	\$532,432.06	\$116,004.86	\$416,427.20
515061761	121BLDG-Non-U Struct & Improv	00016644 PALM SPRINGS OFFICE	Non-U Struct & Improv: 22238	CONVERSION	1975	JUN-75	0	\$2,272.24	\$1,696.93	\$575.31
515061851	121BLDG-Non-U Struct & Improv	G0137500 CHANGE OUT ALARM SYSTEM - VARI	Non-U Struct & Improv: 22238	CONVERSION	2002	FEB-02	0	\$6,209.87	\$2,822.22	\$3,387.65
Total: Non-U Struct & Improv: 22238							3	\$1,193,192.03	\$431,724.74	\$761,467.29
Total: 121BLDG-Non-U Struct & Improv								\$1,193,192.03	\$431,724.74	\$761,467.29
515062011	121LAND-Non U Land	00016033 PALM SPRINGS OFFICE SITE	Non-U Land: 22065	CONVERSION	1969	JUN-69	0	\$24,007.67	\$0.00	\$24,007.67

Net Value Asset Level (Eng In Service Yr)      Month Ending : Dec-2018  
 Southern California Gas Company

Business Segment

Major Location

Asset Location

Asset Id	Utility Account	Asset Description	Property Unit Property	Work Order Number	Vintage	In Service	Accum Qty	Accum Cost	Allocated Reserve	Net Value
<b>2200-Non Utility</b>										
0365 Palm Springs Office										
0365 Palm Springs Office										
515062004	121LAND-Non U Land	00016032 PALM SPRINGS OFFICE SITE	Non-U Land: 22065	CONVERSION	1967	JUN-67	0	\$111,555.68	\$0.00	\$111,555.68
Total: Non-U Land: 22065							0	\$135,563.35	\$0.00	\$135,563.35
Total: 121LAND-Non U Land								\$135,563.35	\$0.00	\$135,563.35
Asset Location Total:								\$1,328,755.38	\$431,724.74	\$897,030.64
Major Location Total:								\$1,328,755.38	\$431,724.74	\$897,030.64
Business Segment Total:								\$1,328,755.38	\$431,724.74	\$897,030.64
Company Total:								\$1,328,755.38	\$431,724.74	\$897,030.64
Grand Total for Selected Assets:							3	\$1,328,755.38	\$431,724.74	\$897,030.64

**ATTACHMENT G**

**Advice No. 5424**

**Building Comparables**



# 2001 E Tahquitz Canyon Way

**SOLD**

1

Palm Springs, CA 92262

Sale on 8/31/2018 for \$845,000 (\$105.63/SF) - Research Complete  
8,000 SF Class C Medical Building Built in 1980



## Buyer & Seller Contact Info

Recorded Buyer: **1241 Gene Autry LLC**  
True Buyer: **Joseph T Lizotte**  
**Joseph Lizotte**  
1241 S Gene Autry Trl  
Palm Springs, CA 92264  
(760) 778-1964  
  
Buyer Type: **Individual**  
Buyer Broker: **The Garland Commercial Group**  
**Bert Garland**  
(760) 766-3300

Recorded Seller: **Nevada Real Estate Investments**  
True Seller: **Kiumarz Lenhard, Inc.**  
**Kiumarz Mazaheri**  
3733 Motor Ave  
Los Angeles, CA 90034  
(310) 557-6403  
  
Seller Type: **Individual**  
Listing Broker: **Geffen Real Estate**  
**Orit Gadish**  
(323) 934-1430

## Transaction Details

ID: 4510080

Sale Date: **08/31/2018 (324 days on market)**  
Escrow Length: **120 days**  
Sale Price: **\$845,000-Confirmed**  
Asking Price: **\$975,000**  
Price/SF: **\$105.63**  
Price/AC Land Gross: **\$1,482,456.14**

Sale Type: **Owner/User**  
Bldg Type: **Medical**  
Year Built/Age: **Built in 1980 Age: 38**  
RBA: **8,000 SF**  
Land Area: **0.57 AC (24,829 SF)**

Percent Leased: **100.0%**  
Sale Conditions: **1031 Exchange, Deferred Maintenance**

Percent Improved: **68.6%**

Total Value Assessed: **\$699,398 in 2018**  
Improved Value Assessed: **\$479,454**  
Land Value Assessed: **\$219,944**  
Land Assessed/AC: **\$385,866**

Financing: **Down payment of \$545,000.00 (64.5%)**  
**\$300,000.00 from Firstbank**

Parcel No: **502-171-017**  
Document No: **0351381**

**2001 E Tahquitz Canyon Way****SOLD**

8,000 SF Class C Medical Building Built in 1980 (con't)

**Transaction Notes**

Vacant office in bad condition at time of sale, long escrow due to improvements, O/U sale, Financed. Event Planning company will be occupying. 1031 Exchange.

**Current Building Information**

ID: 10481080

Bldg Type:	<b>Medical</b>	Bldg Status:	<b>Built in 1980</b>
Class:	<b>C</b>	RBA:	<b>8,000 SF</b>
Total Avail:	<b>0 SF</b>	% Leased:	<b>100.0%</b>
Bldg Vacant:	<b>0 SF</b>	Rent/SF/Yr:	-
Tenancy:	-	Elevators:	<b>0</b>
Owner Type:	<b>Individual</b>	Core Factor:	-
Owner Occupied:	-	Stories:	<b>1</b>
Zoning:	-	Typical Floor Size:	<b>8,000 SF</b>
Land Area:	<b>0.57 AC</b>	Building FAR:	<b>0.32</b>
Parking: <b>20 Surface Spaces are available; Ratio of 2.50/1,000 SF</b>			

**Location Information**

Metro Market: **Inland Empire (California)**  
 Submarket: **Inland Empire East/Coachella Valley**  
 County: **Riverside**  
 CBSA: **Riverside-San Bernardino-Ontario, CA**  
 CSA: **Los Angeles-Long Beach, CA**  
 DMA: **Palm Springs, CA**

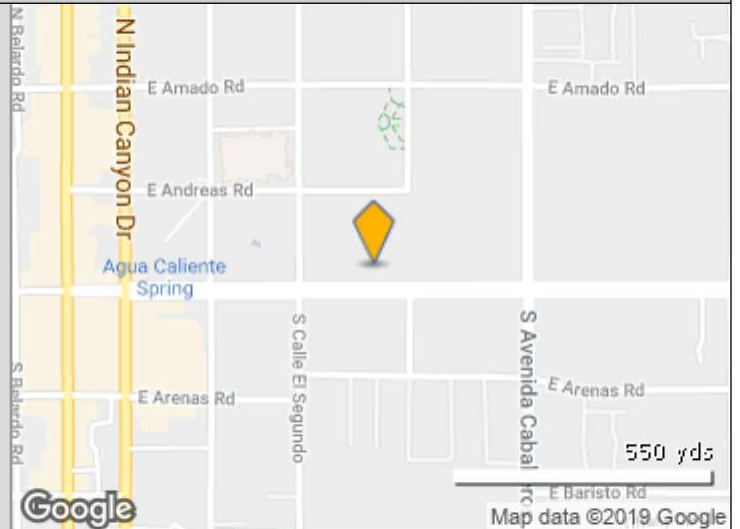
2

### 700 E Tahquitz Canyon Way - Kaptur Plaza

**SOLD**

Palm Springs, CA 92262

Sale on 12/30/2016 for \$2,221,269 (\$138.83/SF) - Research Complete (Part of Multi-Property)  
16,000 SF Class B Office Building Built in 1963, Renov Dec 2017



#### Buyer & Seller Contact Info

Recorded Buyer: **Anne Krizman**  
True Buyer: **Anne Krizman**  
**Anne Krizman**  
727 Bayview Pl  
Laguna Beach, CA 92651  
(949) 376-2233

**Scott P Timberlake**  
**Scott Timberlake**  
120 W Arenas Rd  
Palm Springs, CA 92262  
(760) 333-7578

Buyer Type: **Individual**  
Buyer Broker: **No Buyer Broker on Deal**

Recorded Seller: **O & M Indian Canyon LLC**  
True Seller: **Nexus Development**  
1 MacArthur Cres  
Santa Ana, CA 92707  
(714) 546-5600

Seller Type: **Developer/Owner-NTL**  
Listing Broker: **Realty Trust Group**  
**Michael Kassinger**  
(760) 668-2322  
**Coldwell Banker Commercial Lyle & Associates**  
**Rob Wenthold**  
(760) 772-6400

#### Transaction Details

ID: 3807093

Sale Date: <b>12/30/2016 (0 days on market)</b>	Sale Type: <b>Investment</b>
Escrow Length: -	Bldg Type: <b>Office</b>
Sale Price: <b>\$2,221,269-Allocated</b>	Year Built/Age: <b>Built in 1963, Renov Dec 2017 Age: 53</b>
Asking Price: -	RBA: <b>16,000 SF</b>
Price/SF: <b>\$138.83</b>	Land Area: <b>1.21 AC (52,708 SF)</b>
Price/AC Land Gross: <b>\$1,835,759.50</b>	
Percent Leased: <b>0.0%</b>	
Sale Conditions: <b>1031 Exchange</b>	
No. of Tenants: <b>3</b>	
Tenants at time of sale: <b>Miggy's Cantina LLC; Nexus Residential; Sol Terra Builders</b>	



**700 E Tahquitz Canyon Way - Kaptur Plaza****SOLD**

16,000 SF Class B Office Building Built in 1963, Renov Dec 2017 (con't)

Sale History: **Portfolio sale of 2 properties sold for \$4,000,000 (\$121.91/SF) on 12/30/2016**  
**Sold for \$3,300,000 (\$196.30/SF) on 2/14/2008**

**Transaction Notes**

Comp information was confirmed by the listing brokers. The property is on 2 APNs and is 4 buildings. The property was vacant at close of escrow and has currently begun renovation that may take 2 to 3 months. The buildings are being re-adapted to executive offices and regular offices. This was part of a 1031 for the buyer.

The deed is not available at this time.

**Current Building Information**

ID: 6617643

Bldg Type: <b>Office</b>	Bldg Status: <b>Built in 1963, Renov Dec 2017</b>
Class: <b>B</b>	RBA: <b>16,000 SF</b>
Total Avail: <b>2,395 SF</b>	% Leased: <b>100.0%</b>
Bldg Vacant: <b>0 SF</b>	Rent/SF/Yr: <b>\$24.00</b>
Tenancy: <b>Multi</b>	Elevators: <b>0</b>
Owner Type: <b>Individual</b>	Core Factor: <b>-</b>
Owner Occupied: <b>No</b>	Stories: <b>1</b>
Zoning: <b>C1AA</b>	Typical Floor Size: <b>16,000 SF</b>
Land Area: <b>1.21 AC</b>	Building FAR: <b>0.30</b>
	Const Type: <b>Wood Frame</b>
Expenses: <b>2011 Tax @ \$2.56/sf</b>	
Parking: <b>60 free Surface Spaces are available; Ratio of 3.75/1,000 SF</b>	

**Location Information**

Metro Market: **Inland Empire (California)**  
 Submarket: **Inland Empire East/Coachella Valley**  
 County: **Riverside**  
 CBSA: **Riverside-San Bernardino-Ontario, CA**  
 CSA: **Los Angeles-Long Beach, CA**  
 DMA: **Palm Springs, CA**

**Property Notes**

This building is registered with the U.S. Green Building Council and is seeking LEED certification.

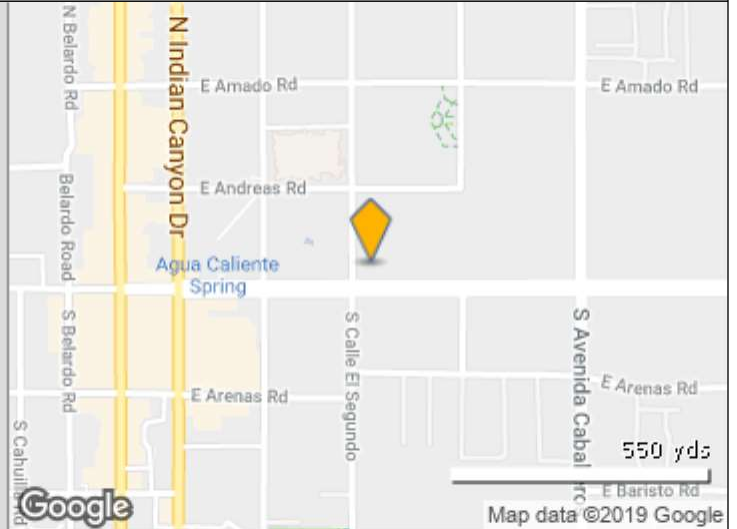
# 600-650 E Tahquitz Canyon Way

**SOLD**

3

Palm Springs, CA 92262

Sale on 12/30/2016 for \$1,778,731 (\$105.81/SF) - Research Complete (Part of Multi-Property)  
16,811 SF Class B Loft/Creative Space Building Built in 1963, Renov Dec 2017



### Buyer & Seller Contact Info

Recorded Buyer: **Anne Krizman**  
True Buyer: **Anne Krizman**  
**Anne Krizman**  
727 Bayview Pl  
Laguna Beach, CA 92651  
(949) 376-2233

**Scott P Timberlake**  
**Scott Timberlake**  
120 W Arenas Rd  
Palm Springs, CA 92262  
(760) 333-7578

Buyer Type: **Individual**  
Buyer Broker: **No Buyer Broker on Deal**

Recorded Seller: **O & M Indian Canyon LLC**  
True Seller: **Nexus Development**  
1 MacArthur Cres  
Santa Ana, CA 92707  
(714) 546-5600

Seller Type: **Developer/Owner-NTL**  
Listing Broker: **Realty Trust Group**  
**Michael Kassinger**  
(760) 668-2322  
**Coldwell Banker Commercial Lyle & Associates**  
**Rob Wenthold**  
(760) 772-6400

### Transaction Details

ID: 3807093

Sale Date: **12/30/2016 (0 days on market)**  
Escrow Length: -  
Sale Price: **\$1,778,731-Allocated**  
Asking Price: -  
Price/SF: **\$105.81**  
Price/AC Land Gross: **\$1,422,984.80**

Sale Type: **Investment**  
Bldg Type: **Loft/Creative Space**  
Year Built/Age: **Built in 1963, Renov Dec 2017 Age: 53**  
RBA: **16,811 SF**  
Land Area: **1.25 AC (54,450 SF)**

Percent Leased: **4.8%**  
Sale Conditions: **1031 Exchange**

Sale History: **Portfolio sale of 2 properties sold for \$4,000,000 (\$121.91/SF) on 12/30/2016**  
**Sold for \$3,300,000 (\$196.30/SF) on 2/14/2008**

**600-650 E Tahquitz Canyon Way****SOLD**

16,811 SF Class B Loft/Creative Space Building Built in 1963, Renov Dec 2017 (con't)

**Transaction Notes**

Comp information was confirmed by the listing brokers. The property is on 2 APNs and is 4 buildings. The property was vacant at close of escrow and has currently begun renovation that may take 2 to 3 months. The buildings are being re-adapted to executive offices and regular offices. This was part of a 1031 for the buyer.

The deed is not available at this time.

**Current Building Information**

ID: 6617599

Bldg Type:	<b>Loft/Creative Space</b>	Bldg Status:	<b>Built in 1963, Renov Dec 2017</b>
Class:	<b>B</b>	RBA:	<b>16,811 SF</b>
Total Avail:	<b>0 SF</b>	% Leased:	<b>100.0%</b>
Bldg Vacant:	<b>785 SF</b>	Rent/SF/Yr:	<b>-</b>
Tenancy:	<b>-</b>	Elevators:	<b>0</b>
Owner Type:	<b>Individual</b>	Core Factor:	<b>-</b>
Owner Occupied:	<b>-</b>	Stories:	<b>1</b>
Zoning:	<b>C1</b>	Typical Floor Size:	<b>16,811 SF</b>
Land Area:	<b>1.25 AC</b>	Building FAR:	<b>0.31</b>
		Const Type:	<b>Wood Frame</b>
Expenses:	<b>2011 Tax @ \$2.44/sf</b>		
Parking:	<b>60 Surface Spaces are available; Ratio of 5.00/1,000 SF</b>		
Amenities:	<b>Air Conditioning, Signage</b>		

**Location Information**

Metro Market:	<b>Inland Empire (California)</b>
Submarket:	<b>Inland Empire East/Coachella Valley</b>
County:	<b>Riverside</b>
CBSA:	<b>Riverside-San Bernardino-Ontario, CA</b>
CSA:	<b>Los Angeles-Long Beach, CA</b>
DMA:	<b>Palm Springs, CA</b>