



PLANNING COMMISSION

AGENDA REPORT

VII. 1

MEETING DATE: MARCH 14, 2011

ITEM NUMBER:

SUBJECT: DA-11-01, TWO-YEAR REVIEW OF SAKIOKA FARMS DEVELOPMENT AGREEMENT (DA-99-02), SAKIOKA LOT 2, 14850 SUNFLOWER AVENUE

DATE: FEBRUARY 16, 2011

FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, AIA, SENIOR PLANNER
(714) 754-5610. mashabi@ci.costa-mesa.ca.us

DESCRIPTION

Two-year review of development agreement DA-99-02 for Sakioka Lot 2 between the City of Costa Mesa and Roy K. Sakioka & Sons.

APPLICANT

Mr. George Sakioka, authorized agent for Roy K. Sakioka & Sons.

RECOMMENDATION

Based on the evidence in the record, determine and find Sakioka & Sons in good faith compliance with the terms and conditions of Development Agreement DA-99-02.

MINOO ASHABI, AIA
Senior Planner

KHANH NGUYEN
Asst. Development Svs. Director

BACKGROUND

The development agreement includes Sakioka Farms Lot 1 (40 acres) located east of Sakioka Drive, north of Anton Boulevard, and south of Sunflower Avenue and Sakioka Farms Lot 2 (33 acres) located north of Interstate 405, west of Main Street and State Route 55, east of Experian Solutions, and south of Sunflower Avenue. A vicinity map is provided as Attachment 1.

On November 1, 1999, the Costa Mesa City Council approved Development Agreement DA-99-02 between the City and Sunflower Partners and Roy K. Sakioka & Sons (Developers). The Agreement facilitated dedication of the fee simple interest in land needed for freeway on and off-ramps which cross a portion of Sakioka Farms Lot 2 (along the south side of Anton Boulevard). The Agreement also recognized previous land dedications made by the developer for other public improvements (i.e., streets and the Metro Fire Station site). In exchange for these dedications, the Developer received vesting for a period of 20 years under current land use regulations (i.e., General Plan, Zoning Code, and the North Costa Mesa Specific Plan) for Sakioka Farms Lots 1 and 2.

On February 17, 2004, the City approved a partial assignment of the Agreement to reflect a division of the ownership with the Sakioka families. The "Assignment and Assumption of Development Agreement for Sakioka Farms" reflects the recent ownership changes and allocates the obligations of the Developer under the Development Agreement among the current owners of the Property. Since 2004, Lot 1 has been developed by an 890-unit apartment complex. All obligations related to Lot 1 have been met and provisions of this agreement are only applicable to Lot 2.

The development agreement was last reviewed by the Planning Commission on February 9, 2009. Since the last review the applicant has not undertaken any development activities on Lot 2; therefore, the remaining obligations of the development agreement as they relate to this parcel have yet to be fulfilled.

ANALYSIS

The purpose of the two-year review is to determine if the Developer has made a good faith effort to comply with the provisions and conditions of the development agreement. Typically, this review focuses on the community benefits provided by the Developer. For DA-99-02, these benefits are described in Section 2.1 of the Agreement. The following section summarizes the Developers' progress in realizing these benefits.

Obligations on Part of the Developer

1. *Dedication of Easements and Fee Interests to the City.* The Developer has executed, acknowledged, and delivered a deed dedicating to the City the developer's fee interest in specified portions of the South Coast Metro property and Sakioka Farms Lot 2 needed for freeway on and off-ramps (Ramp Deed). The Developer has also granted to the City a perpetual easement on a private road. The easements were dedicated on February 2, 2000 (Avenue of the Arts) and June 6, 2000 (Anton Boulevard).

(This obligation is complete.)

2. Dedication of Bus Turnouts to the City. The Developer has also dedicated any fee interest to the City for bus turnouts on Anton Boulevard.
(This obligation is complete.)
3. Payment of Park and Traffic Impact Fees. The Agreement includes provisions relative to the payment of park fees for subsequent residential development and traffic impact fees for all development on Lots 1 and 2.

On June 12, 2006, Commission approved Master Plan PA-05-56 for an 890-unit, three-story apartment community (The Enclave). Park and Transportation fees for Lot 1 have been submitted and, thereby completing obligations on the part of the developer for Lot 1.

(Park and Transportation fees for Lot 2, as applicable, pending a development proposal)

4. Dedication of Urban Rail Station Easement. The Agreement includes provisions relative to the dedication of land for a future urban rail transit station on Sakioka Farms Lot 2. Although the urban rail project is presently on hold, a dedication may be required at a later date. When this dedication occurs, the Developer will acknowledge that the City, or other entity as directed by the City, will have jurisdiction over the future urban rail transit system. In this case, the City will direct that the Orange County Transportation Authority have jurisdiction over the passenger stations serving a future urban rail system.
(This obligation is pending future transit plans.)
5. Reservation of Urban Rail Track Line. The Agreement includes provisions relative to the City reserving its right in the future to exercise its power of eminent domain to acquire property for a future urban rail track line on Lot 2. Should the urban rail project be adopted, the City will work with the Developer to minimize impacts on the property from the final alignment of the track line. The Developer will reserve space for a future track line when designing any future development proposal.
(This obligation is pending future transit plans.)

Obligations on Part of the City

In accordance with Section 2.2 of the Agreement, the City has assured the Developer vested rights to carry out and complete the project in accordance with the provisions of the Agreement and existing land use regulations, development approvals, and any future development approvals. The City Attorney and Transportation Services have also reviewed the development agreement and concur that the Developer is in compliance with the terms of the Agreement.

ALTERNATIVES

If the Planning Commission finds that the Developer is not in compliance with the Agreement's terms, evidence supporting that determination would be required.

CONCLUSION

Staff has reviewed the Agreement's terms and conditions and believes the applicant, Roy K. Sakioka & Sons, is in compliance. The Planning Commission's determination can be made by minute order.

- Attachments:
1. Vicinity Map
 2. Applicant's Letter dated February 11, 2011
 3. Development Agreement DA-99-02

cc: Development Services Director
Deputy City Attorney
City Engineer
Fire Protection Analyst
Staff (4)
File (2)

George Sakioka
Roy K. Sakioka & Sons
14850 Sunflower Avenue
Santa Ana, CA 92707

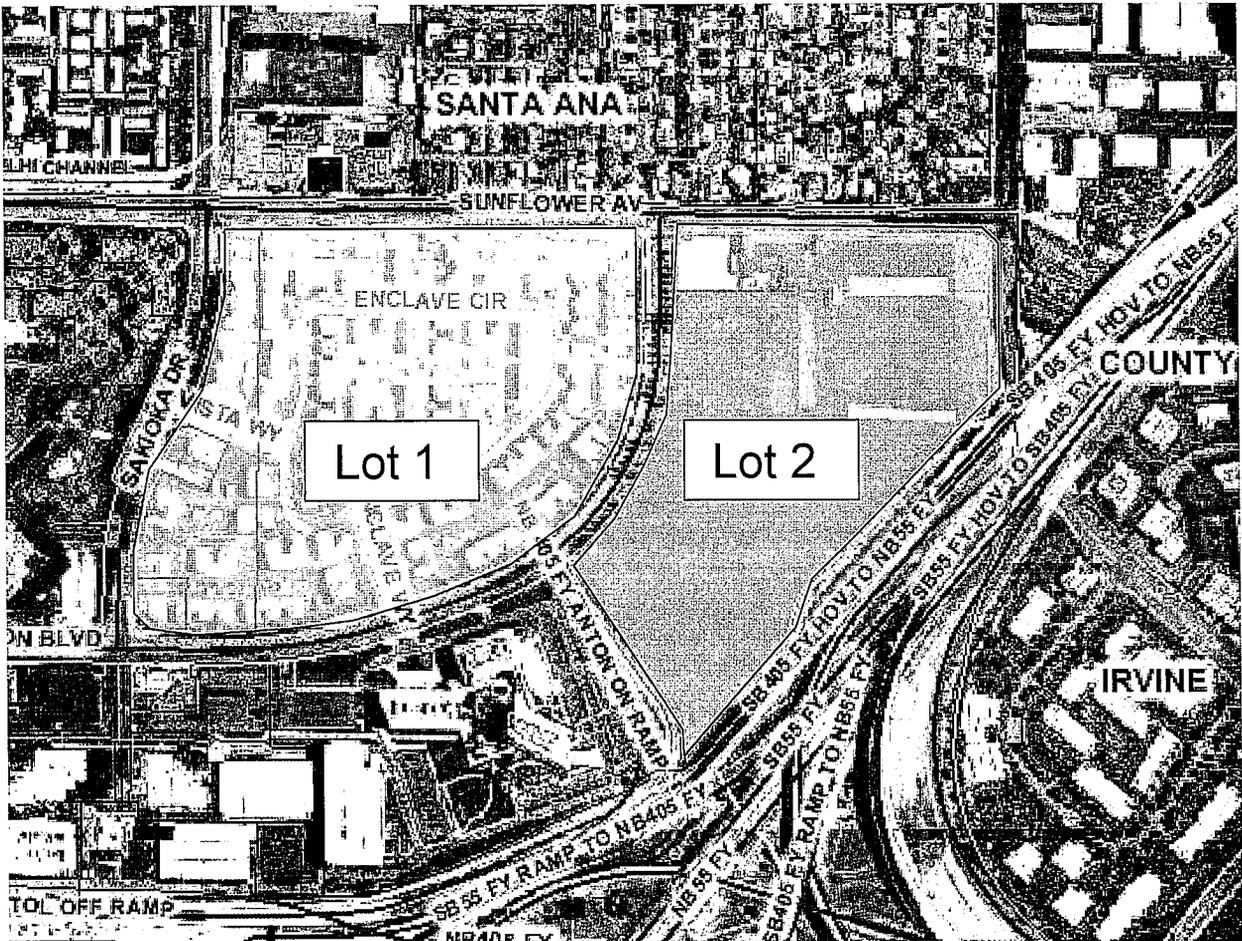
Sakioka Farms
c/o Jeffrey D. Littell
Sunflower Partners
3183-A Airway Avenue, Suite 2
Costa Mesa, CA 92626

File: -031411DA1101SakiokaFarms	Date: 022811	Time: 4:00 p.m.
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Vicinity Map

14850 Sunflower Ave.

DA-99-02



ROY K. SAKIOKA & SONS

14850 Sunflower Avenue
Santa Ana, California 92707
(714) 545-8611

February 10, 2011

Ms. Minoo Ashabi
Senior Planner
City of Costa Mesa
P.O. Box 1200
77 Fair Drive
Costa Mesa, California 92628-1200

Re: *Sakioka Lot 2 - Compliance Letter for 2010 Annual Review of
Development Agreement DA-99-02*

Dear Ms.Ashabi:

Reference is hereby made to that certain Development Agreement DA-99-02 for Sakioka Farms Development Property (the "Development Agreement"), recorded in the Official Records of Orange County, California on February 3, 2000 as Instrument Number 2000-0060847. The Development Agreement covers that certain property located in the City of Costa Mesa consisting of approximately 73.34 acres (the "Property"), which is more particularly described in the Development Agreement. Capitalized terms not defined herein shall have the definitions set forth in the Development Agreement.

Pursuant to your letter dated January 13, 2011, this letter illustrates that Roy K. Sakioka & Sons, owner/developer of a portion of the Property known as Lot 2 (the "Developer"), has complied with the terms of the Development Agreement. By way of explanation, on February 17, 2004, the City approved partial assignment of the Development Agreement to reflect a division of the ownership within the Sakioka families, and in January 2005, the City Council approved an action providing that annual Development Agreement review be conducted by individual parcels, since each parcel has separate ownership as a result of this division of ownership. This letter provides evidence of compliance for Lot 2.

Since the last formal annual review in 2008, the Developer has not undertaken any development activities on Lot 2. As described more fully below, the Developer is in compliance with all terms and obligations of the Development Agreement.

The Development Agreement requires that the Developer dedicate certain easements and fee interests to the City. Specifically, the Developer is obligated to execute and deliver the Dedication Agreement, the Ramp Deed, and the Private Road Deed (collectively, the

Ms. Minooh Ashabi
February 10, 2011
Page 2

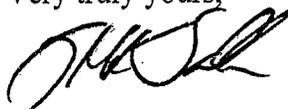
“Dedication Agreements”) concurrently with the execution of the Development Agreement. *Development Agreement, Section 2.1(i)-(iii)*. The Developer has delivered each of the required Dedication Agreements to the City. Additionally, Section 2.1(iv) of the Development Agreement requires the Developer to dedicate to the City certain rights of way for Bus Turnouts. *Development Agreement, Section 2.1(iv)*. The Developer has dedicated the rights of way for the Bus Turnouts as requested by the City.

Pursuant to the terms of the Development Agreement, the Developer agreed, upon request from the City, to dedicate a portion of the Property for the purpose of locating a future urban rail station. *Development Agreement, Section 2.2(v)*. Moreover, the City reserved the right to exercise the power of eminent domain to acquire a portion of the Property for the urban rail track line. *Development Agreement, Section 2.2(vi)*. However, the City has not yet requested that the Developer make the dedication for the urban rail station, and the conditions precedent to the dedication have not yet occurred.

In addition to the land dedications discussed above, the Development Agreement requires the Developer to pay a park fee and a traffic impact fee. *Development Agreement, Section 2.2(v) & (vi)*. Section 2.2(v) of the Development Agreement obligates the Developer to pay a park fee in the event that the Property is developed for residential use. However, the Property has not been developed for residential use and, therefore, the Developer is not required to pay the park fee at this time. In addition, Section 2.2(vi) of the Development Agreement requires that the Developer pay a traffic impact fee during the term of the Development Agreement. As of the date hereof, no traffic impact fees have been assessed with respect to the Property.

As detailed above, the Developer has timely performed all of its obligations under the Development Agreement. Please let me know if you have any questions or concerns.

Very truly yours,



George M.K. Sakioka

cc: Amy R. Forbes
Doug Champion

ATTACHMENT 3

Recorded in Official Records, County of Orange
Tom Daly, Clerk-Recorder

NO FEE
2004000275186 10:54am 04/02/04
102 122 A38 A30 20
0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF COSTA MESA
77 Fair Drive
Costa Mesa, CA 92626
Attn: City Clerk

(Space above this line for Recorder's use only).

ASSIGNMENT AND ASSUMPTION
OF DEVELOPMENT AGREEMENT FOR SAKIOKA FARMS
DEVELOPMENT PROPERTY

This ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT FOR SAKIOKA FARMS DEVELOPMENT PROPERTY (this "Assignment") is dated as of the 17th day of February, 2004, by and between ISCINA-SUNFLOWER, LLC, a California limited liability company ("Iscina"), RTS-SUNFLOWER, LLC, a California limited liability company ("RTS"), MARJACK LLC, a California limited liability company ("Marjack"), SAKIOKA FARMS, a California general partnership ("Sakioka Farms"; Iscina, RTS, Marjack, and Sakioka Farms are collectively referred to herein as the "Sunflower Partners"), ROY K. SAKIOKA & SONS, a California general partnership ("RKSS Lot 2"), and the CITY OF COSTA MESA, a general law city ("City"). RKSS Lot 2, Sunflower Partners and the City are individually referred to herein as a "Party" and collectively referred to as the "Parties."

RECITALS

A. Sakioka Farms and RKSS Lot 2, and the City entered into that certain Development Agreement for Sakioka Farms Development Property dated November 15, 1999 and recorded on February 3, 2000 as Instrument No. 2000-0060847 ("Development Agreement"), which contains certain rights, duties and obligations relating to the development of that certain property located in the City of Costa Mesa, County of Orange, California, collectively consisting of approximately 73.34 acres, which is more particularly described on Exhibit A attached hereto and incorporated herein by this reference ("Sakioka Property"). Terms not defined herein shall have the definitions set forth in the Development Agreement.

B. At the time the Development Agreement was executed, the Sakioka Property was under the common ownership of Sakioka Farms and RKSS Lot 2.

C. RKSS Lot 2 is the current owner of that certain real property within the Sakioka Property described as Lot 2 in the Development Agreement and shown on Exhibit B attached hereto and incorporated herein by this reference (the "RKSS Lot 2 Property"), (ii) Marjack, Iscina, and RTS are the current owners of all that certain real property within the Sakioka Property shown on Exhibit C attached hereto and incorporated herein by this reference (the "Sunflower Residential Property"), and (iii) Sakioka Farms and Marjack, are the current owners

of all that certain real property within the Sakioka Property described on Exhibit D attached hereto and incorporated herein by this reference (the "Pork Chop Property"; the Sunflower Residential Property and Pork Chop Property are collectively referred to herein as the "Sunflower Partners Property").

D. Section 3.9 of the Development Agreement provides that the rights and obligations of the Development Agreement may be transferred and assigned upon the transfer of any portion of the Sakioka Property, and the RKSS Lot 2 and Sunflower Partners have agreed that each shall assign to the other certain rights and interests and delegate certain obligations of Developer under the Development Agreement, as they apply to the RKSS Lot 2 Property and the Sunflower Partners Property.

E. The purpose of this Assignment is to set forth the terms and provisions agreed upon between RKSS Lot 2 and Sunflower Partners with respect to the assignment of certain rights and interests and the delegation of certain obligations of each of RKSS Lot 2 and Sunflower Partners under the Development Agreement, so as to have the practical effect of creating two separate and distinct agreements between the City and the respective owners of the RKSS Lot 2 Property and the Sunflower Partners Property.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Partial Assignment. Pursuant to Section 3.9 of the Development Agreement, and subject to Section 3 below, the Parties hereby agree as follows:

1.1 Sunflower Partners hereby assigns, conveys and transfers to RKSS Lot 2 all of Sunflower Partners' rights and interests under the Development Agreement to the extent such rights and interests relate to, benefit, or are reasonably necessary for the ownership, development or use of, the RKSS Lot 2 Property, including, but not limited to, all vested entitlement and development rights pursuant to the Existing Development Approvals and Existing Land Use Regulations applicable to the RKSS Lot 2 Property; and

1.2 RKSS Lot 2 hereby assigns, conveys and transfers to Sunflower Partners all of RKSS Lot 2's rights and interests under the Development Agreement to the extent such rights and interests relate to, benefit, or are reasonably necessary for the ownership, development or use of, the Sunflower Partners Property, including, but not limited to all vested entitlement and development rights pursuant to the Existing Development Approvals and Existing Land Use Regulations applicable to the Sunflower Partners Property.

2. Delegation and Assumption of Obligations. Subject to Sections 3 and 4 below, the Parties hereby agree as follows:

2.1 RKSS Lot 2 hereby delegates to Sunflower Partners and Sunflower Partners hereby assumes those obligations of RKSS Lot 2 under the Development Agreement which relate specifically to the Sunflower Partners Property ("Sunflower Partners Obligations"),

including without limitation, those obligations relating to onsite development and the payment of fees with respect to the Sunflower Partners Property; and

2.2 Sunflower Partners hereby delegates to RKSS Lot 2 and RKSS Lot 2 hereby assumes those obligations of Sunflower Partners under the Development Agreement that relate specifically to the RKSS Lot 2 Property ("RKSS Lot 2 Obligations"), including without limitation, those obligations relating to onsite development and the payment of fees with respect to the RKSS Lot 2 Property.

3. Fee Credits. The Parties acknowledge and agree that pursuant to Section 2.2(v) of the Development Agreement, the Sakioka Property has been allocated an aggregate fee credit of \$1,046,000.00 (the "Fire Safety Fee Credit") to be applied by the City against any future fire safety impact fee or other public safety or similar fee proposed to be imposed on the Sakioka Property. The Parties hereby irrevocably allocate and assign the Fee Credit as follows: 54.18%, or \$566,723.00, to the Sunflower Partners Property, and 45.82%, or \$479,277.00, to the RKSS Lot 2 Property.

4. Urban Rail Station Easements. The Parties acknowledge and agree that pursuant to Section 2.1(v) of the Development Agreement, the City has certain rights to request the dedication of land for the purpose of locating a future urban rail transit station on the Sakioka Property. Such dedication can only be required upon the satisfaction of conditions (a)-(f) of Section 2.1(v) and the final approval by the City of Future Development Approvals with respect to at least 25% of the cumulative aggregate amount of Development permitted under the Existing Approvals for the entire Sakioka Property, and the expiration of any applicable statute of limitations. The Parties intend for the City to have the same rights to require the station dedication, notwithstanding the separation of ownership of the Sakioka Property. Consequently, to the extent the City issues final discretionary approval of Future Development Approvals with respect to at least 25% of the cumulative aggregate amount of Development permitted under the Existing Approvals (on either or both of the RKSS Lot 2 Property and the Sunflower Partners Property), the applicable statute of limitations has expired, and conditions (a)-(f) of Section 2.1(v) have been satisfied, (and without altering whatever rights or obligations Sunflower Partners may have as the Developer of the Sunflower Partners Property), RKSS Lot 2 agrees to perform the obligations of Developer specified in Section 2.1(v), to the extent the obligations apply to the RKSS Lot 2 Property. To the extent the City issues final discretionary approval of Future Development Approvals with respect to at least 25% of the cumulative aggregate amount of Development permitted under the Existing Approvals (on either or both of the RKSS Lot 2 Property and the Sunflower Partners Property), the applicable statute of limitations has expired, and conditions (a)-(f) of Section 2.1(v) have been satisfied, (and without altering whatever rights or obligations RKSS Lot 2 may have as the Developer of the RKSS Lot 2 Property), Sunflower Partners agrees to perform the obligations of Developer specified in Section 2.1(v), to the extent the obligations apply to the Sunflower Partners Property. The purpose of this Section 4 is to apportion responsibility for compliance with Section 2.1(v) of the Development Agreement among the separated properties, so that either the station easement will ultimately be located on the RKSS Lot 2 Property as currently contemplated in the Development Agreement, or the station easement will be located on the Sunflower Partners Property with the mutual consent of Sunflower Partners and the City. Nothing in this Section 4 is intended to modify in any way the

rights and obligations of Developer with respect to the urban rail easements as specified in the Development Agreement.

5. Urban Rail Track Reservation. The Parties acknowledge and agree that pursuant to Section 2.1(vi) of the Development Agreement, the Developer has agreed to design any Project so as to reserve space for an urban rail track line if so requested by the City. Such reservation can only be required by the City upon the satisfaction of conditions (a) - (e) of Section 2.1(vi). The Parties intend for the City to have the same rights to require the rail track reservation, notwithstanding the separation of ownership of the Sakioka Property. Consequently, RKSS Lot 2 agrees to perform the obligations of Developer specified in Section 2.1(vi), to the extent the obligations apply to RKSS Lot 2 Property. Sunflower Partners agrees to perform the obligations of Developer specified in Section 2.1(vi), to the extent the obligations apply to the Sunflower Partners Property. The purpose of this Section 5 is to apportion responsibility for compliance with Section 2.1(vi) of the Development Agreement among the separated properties. Nothing in this Section 5 is intended to modify in any way the rights and obligations of Developer with respect to the urban rail track reservation as specified in the Development Agreement.

6. No Cross-Defaults. The Parties agree that in accordance with Section 3.4.3 of the Development Agreement: (i) any default by RKSS, or its successors and assigns, with respect to the RKSS Lot 2 Obligations shall not be considered a default by Sunflower Partners as to the Sunflower Partners Property and shall not impact Sunflower Partners' development rights with respect to the Sunflower Partners Property under the Development Agreement, and (ii) any default by Sunflower Partners, or its successors and assigns, with respect to the Sunflower Partners Obligations shall not be considered a default by RKSS Lot 2 as to the RKSS Lot 2 Property and shall not impact RKSS Lot 2's development rights with respect to the RKSS Lot 2 Property under the Development Agreement.

7. Estoppel. In accordance with Section 3.13 of the Development Agreement, the Parties each certify that, to the best knowledge of the certifying party as of the date hereof, (i) the Development Agreement is in full force and effect and a binding obligation of the parties thereto; (ii) the Development Agreement has not been amended or modified or clarified except as set forth on Exhibit E attached hereto; and (iii) the Parties to the Development Agreement are not in default of their respective obligations under the Development Agreement.

8. Amendment to Development Agreement. RKSS Lot 2 and Sunflower Partners agree that any amendment to the Development Agreement requiring the approval of the "Developer" that (i) pertains solely to development of the Sunflower Partners Property and (ii) does not modify or reduce the intensity or permissible uses of the RKSS Lot 2 Property, shall only require the approval in writing of Sunflower Partners, and that any amendment to the Development Agreement requiring the approval of the "Developer" that (a) pertains solely to development of the RKSS Lot 2 Property and (b) does not modify or reduce the intensity or permissible uses of the Sunflower Partners Property, shall only require the approval in writing of RKSS Lot 2. Hereafter, RKSS Lot 2 shall have no rights as they relate to modification of the Development Agreement solely with respect to the Sunflower Partners Property and Sunflower Partners shall have no rights as they relate to the modification of the Development Agreement solely with respect to the RKSS Lot 2 Property. Any modification of, or amendment to, the

Development Agreement requiring the approval of "Developer" that covers both the RKSS Lot 2 Property and the Sunflower Partners Property shall require the approval of both RKSS Lot 2 and Sunflower Partners.

9. Notices. Pursuant to Section 3.6 of the Development Agreement, any notice or communication required to be given to "Developer" under the Development Agreement that relates to the RKSS Lot 2 Property shall be given at the addresses set forth below:

To RKSS Lot 2 Roy K. Sakioka & Sons
 14850 Sunflower Avenue
 Santa Ana, California 92707
 Attn: George Sakioka

with a copy to: Gibson, Dunn & Crutcher LLP
 333 South Grand Avenue
 Los Angeles, California 90071
 Attn: Amy R. Forbes, Esq.

Pursuant to Section 3.6 of the Development Agreement, any notice or communication required to be given to "Developer" under the Development Agreement that relates to the Sunflower Partners Property shall be given at the address set forth below:

To Sunflower Partners Sunflower Partners
 3183-A Airway Avenue, Suite 2
 Costa Mesa, California 92626
 Attn: Jeffrey Littell

with a copy to: Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP
 2603 Main Street
 East Tower – Suite 1300
 Irvine, California 92614-6228
 Attn: Cynthia M. Wolcott, Esq.

10. Miscellaneous.

10.1 Interpretation; Governing Law. This Assignment shall be construed according to its fair meaning and as if prepared by all parties hereto. This Assignment shall be construed in accordance with and governed by the laws of the State of California. Any action hereunder shall be brought in a court of competent jurisdiction located in Orange County, California.

10.2 Attorneys' and Other Fees. In the event of any dispute between the parties hereto or initiation of any action or proceeding to interpret or enforce the provisions of this Assignment, the prevailing party shall be entitled to recover its reasonable expenses, attorneys' fees and costs, including professional or expert consultation or testimony fees, both at trial and on any appeal and in any administrative proceeding.

10.3 Authority. Each of the Parties hereto represents and warrants to the others that the person or persons executing this Assignment on behalf of such Party is or are authorized to execute and deliver this Assignment and that this Assignment shall be binding upon such Party.

10.4 Further Assurances. RKSS Lot 2 and Sunflower Partners each agree to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably request to consummate, evidence, confirm or more fully implement the agreements of the Parties as contained herein.

10.5 Execution in Counterparts. This Assignment may be executed in several counterparts, and all so executed shall constitute one agreement between the parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

10.6 No Modification. Except as specifically modified or clarified by this Assignment, the Development Agreement shall continue in full force and effect in accordance with its terms, without any waiver, amendment or other modification of any provision thereof.

[signature pages follow]

10.3 Authority. Each of the Parties hereto represents and warrants to the others that the person or persons executing this Assignment on behalf of such Party is or are authorized to execute and deliver this Assignment and that this Assignment shall be binding upon such Party.

10.4 Further Assurances. RKSS Lot 2 and Sunflower Partners each agree to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably request to consummate, evidence, confirm or more fully implement the agreements of the Parties as contained herein.

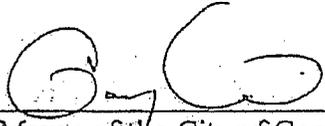
10.5 Execution in Counterparts. This Assignment may be executed in several counterparts, and all so executed shall constitute one agreement between the parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

10.6 No Modification. Except as specifically modified or clarified by this Assignment, the Development Agreement shall continue in full force and effect in accordance with its terms, without any waiver, amendment or other modification of any provision thereof.

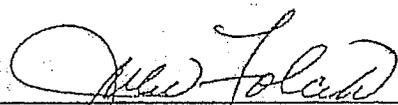
[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Assignment to be effective as of the date first written above.

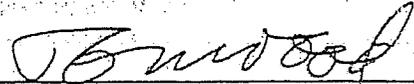
CITY OF COSTA MESA

By: 
Mayor of the City of Costa Mesa

Attest:


Deputy City Clerk and ex-officio Clerk of the
City of Costa Mesa

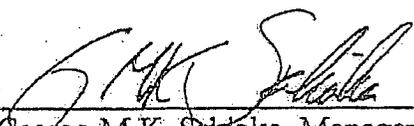
Approved as to Form:


City Attorney, City of Costa Mesa

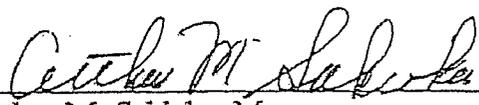
"RKSS LOT 2"

ROY K. SAKIOKA & SONS, a California general
partnership

By: JKS-RKS, LLC
a California limited liability company,
General Partner

By: 
George M.K. Sakioka, Manager

By: AMS CRAIG, LLC
a Delaware limited liability company, General
Partner

By: 
Arthur M. Sakioka, Manager

By: Marilyn Sakioka
Marilyn Sakioka, Manager

"SUNFLOWER PARTNERS"

MARJACK, LLC, a California limited liability company

By: Phyllis T. Sakioka
Phyllis T. Sakioka, Manager

By: Roy T. Sakioka
Roy T. Sakioka, Manager

SAKIOKA FARMS, a California general partnership

By: Phyllis T. Sakioka, Manager
of PHYLROY, LLC, General Partner

By: Roy T. Sakioka, Manager
of PHYLROY, LLC, General Partner

ISCINA-SUNFLOWER, LLC, a California limited liability company

By: Phyllis T. Sakioka
Phyllis T. Sakioka, Member

RTS-SUNFLOWER, LLC, a California limited liability company

By: Roy T. Sakioka
Roy T. Sakioka, Member

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

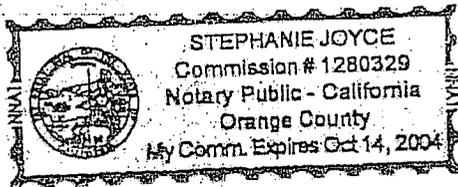
State of California

County of Orange } ss.

On FEBRUARY 3, 2004, before me, STEPHANIE JOYCE, Notary Public
Date Name and Title of Officer (e.g., Jane Doe, Notary Public)

personally appeared ROY T. GALICKA
Name(s) of Signer(s)

personally known to me
 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.

WITNESS my hand and official seal.

Stephanie Joyce
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
of Signer

Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange } ss.

On 2/3/04 Date, before me, Stephanie Joyce, Notary Public Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Phyllis T. Sakova Name(s) of Signer(s)

personally known to me
 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.

WITNESS my hand and official seal.

Stephanie Joyce Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

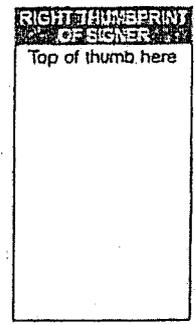
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

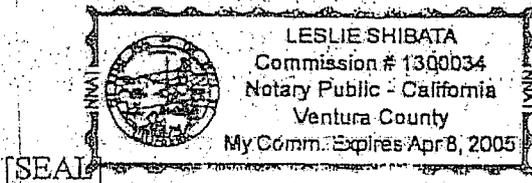


STATE OF CALIFORNIA)

COUNTY OF Ventura) ss.

On February 4, 2004, before me, Leslie Shibata, personally appeared Arthur M. Sakisaka personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



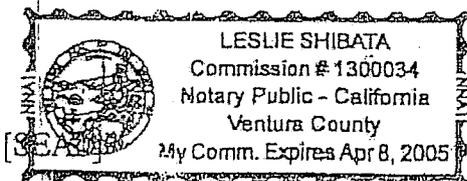
Leslie Shibata
Notary Public

STATE OF CALIFORNIA)

COUNTY OF Ventura) ss.

On February 4, 2004, before me, Leslie Shibata, personally appeared Marilyn Sakisaka personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



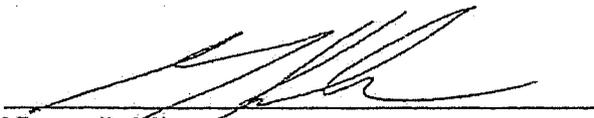
Leslie Shibata
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On FEBRUARY 5, 2004, before me, MARIE KILLEN, NOTARY, personally appeared GEORGE H.K. SAKOKA personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.





Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, personally appeared _____ personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

EXHIBIT A

LEGAL DESCRIPTION OF SAKIOKA PROPERTY

LOT B AND THAT PORTION OF LOT 1 OF TRACT NO. 10950, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 515, PAGES 1 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL-90-11 RECORDED APRIL 16, 1991 AS INSTRUMENT NO. 91-178038 OF OFFICIAL RECORDS.

LOT 2 OF TRACT NO. 10950, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 515, PAGES 1 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, AS AMENDED BY A CERTIFICATE OF CORRECTION RECORDED APRIL 23, 1986 AS INSTRUMENT NO. 86-160488 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPT THEREFROM THAT PORTION OF SAID LAND AS GRANTED TO THE CITY OF COSTA MESA, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA BY GRANT DEED DATED OCTOBER 10, 1994 AND RECORDED OCTOBER 11, 1994 AS INSTRUMENT NO. 94-604167 OF OFFICIAL RECORDS.

EXHIBIT B

LEGAL DESCRIPTION OF RKSS LOT 2 PROPERTY

THAT CERTAIN PARCEL OF LAND SITUATED IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, BEING THAT PORTION OF LOT 2, TRACT NO. 10950 AS SHOWN ON A MAP THEREOF FINED IN BOOK 515, PAGES 1 THROUGH 8 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

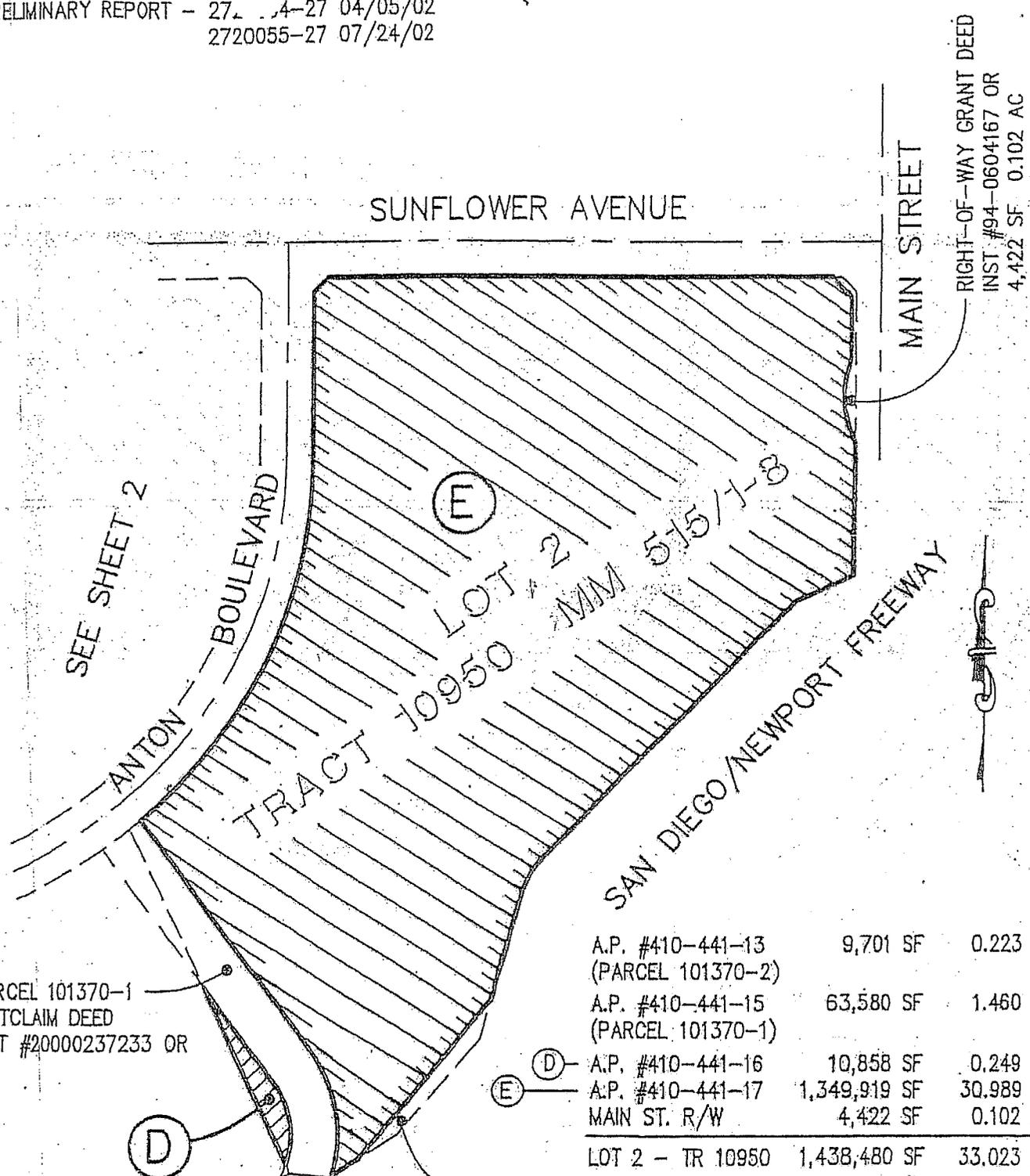
COMMENCING AT THE NORTHWESTERLY OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS "NORTH 25°19'40" WEST 752.22 FEET" ALONG THE SOUTHWESTERLY LINE OF SAID LOT 2, SAID TERMINUS BEING ON A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 290.468 METERS, A RADIAL LINE OF SAID CURVE TO SAID TERMINUS BEARS SOUTH 38°03'27" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE AND THE NORTHWESTERLY LINE OF LOT 3 OF SAID TRACT 20.460 METERS THROUGH A CENTRAL ANGLE OF 4°02'09" TO THE TRUE POINT OF BEGINNING; THENCE NON-TANGENT FROM SAID CURVE SOUTH 35°35'40" EAST, 104.306 METERS TO SAID SOUTHWESTERLY LINE OF LOT 2; THENCE CONTINUING SOUTH 35°35'40" EAST, 72.408 METERS TO THE BEGINNING OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 51.400 METERS; THENCE SOUTHERLY ALONG SAID CURVE 50.048 METERS THROUGH A CENTRAL ANGLE OF 55°47'21" TO SAID SOUTHWESTERLY LINE OF LOT 2.

LOT 2 OF TRACT NO 10950, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 515, PAGES 1 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, AND AS CORRECTED BY THAT CERTAIN CERTIFICATE OF CORRECTION RECORDED APRIL 23, 1986, AS INSTRUMENT NO. 86-160488, OFFICIAL RECORDS OF SAID ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED TO THE CITY OF COSTA MESA RECORDED OCTOBER 11, 1994, AS INSTRUMENT NO. 94-0604167 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED RECORDED APRIL 10, 2000 AS INSTRUMENT NO. 20000182742 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED TO THE CITY OF COSTA MESA RECORDED MAY 8, 2000, AS INSTRUMENT NO. 20000237233 AND MAY 8, 2000, AS INSTRUMENT NO. 20000237235, BOTH OF OFFICIAL RECORDS.



A.P. #410-441-13 (PARCEL 101370-2)	9,701 SF	0.223 AC
A.P. #410-441-15 (PARCEL 101370-1)	63,580 SF	1.460 AC
(D) A.P. #410-441-16	10,858 SF	0.249 AC
(E) A.P. #410-441-17	1,349,919 SF	30.989 AC
MAIN ST. R/W	4,422 SF	0.102 AC
LOT 2 - TR 10950	1,438,480 SF	33.023 AC

RIGHT-OF-WAY GRANT DEED
 INST #94-0604167 OR
 4,422 SF 0.102 AC

PARCEL 101370-1
 QUITCLAIM DEED
 INST #20000237233 OR

PARCEL 101370-2
 QUITCLAIM DEED
 INST #20000237235 OR

MAPPING/449/01/EXHIBITS/LOT2

<p>FUSCOE ENGINEERING Civil Engineers • Land Surveyors</p>	<p>16785 Von Karman, Ste 100 Irvine, California 92606 Phone (949) 474-1950 FAX (949) 474-5315</p>	<p>LAND AREA EXHIBIT PORTIONS OF TRACT NO. 10950 for ROY K. SAKIOKA & SONS</p>	<p>DATE: 10/17/02 SCALE: 1"=300' JN: 449.0101 3 of 3</p>
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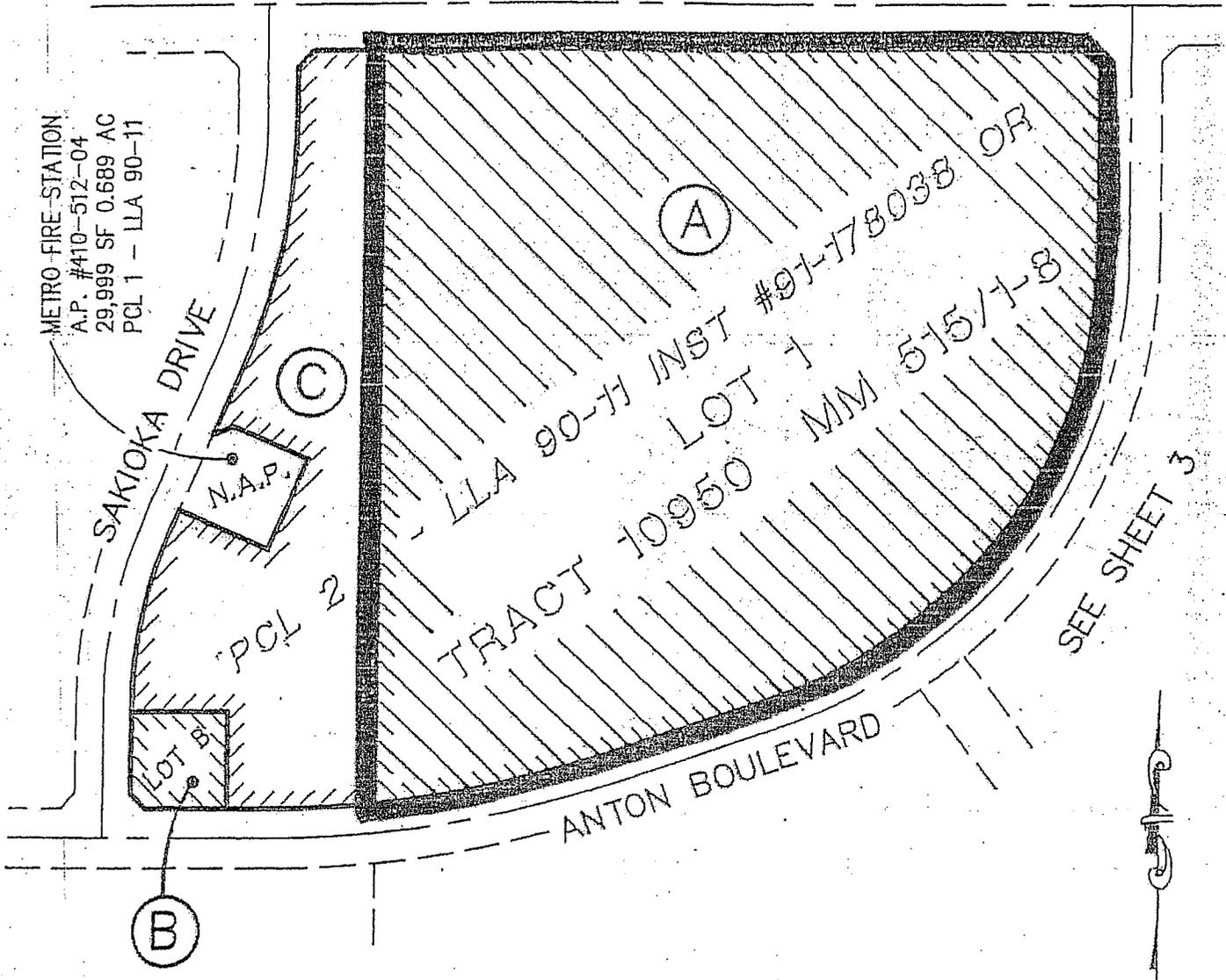
EXHIBIT C

LEGAL DESCRIPTION OF SUNFLOWER RESIDENTIAL PROPERTY

LOT 1 OF TRACT NO. 10950, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 515, PAGES 1 TO 8 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS CORRECTED BY THAT CERTAIN CERTIFICATE CORRECTION RECORDED APRIL 23, 1986, AS INSTRUMENT NO. 86-160488 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

THAT PORTION OF PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL-90-1 1, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, RECORDED APRIL 16, 1991, AS INSTRUMENT NO. 91-178038 OF OFFICIAL RECORDS LYING EASTERLY OF THE EASTERLY LINE OF THE LAND DESCRIBED IN DEED TO JACK TOSHIKI SAKIOKA AND JOHNNY KATSUI SAKIOKA RECORDED JULY 27, 1956, IN BOOK 3592, PAGE 553 OF OFFICIAL RECORDS OF SAID COUNTY.

SUNFLOWER AVENUE



(A)	A.P. #410-512-02	1,393,807 SF	31.997 AC
(B)	A.P. #410-512-03	29,999 SF	0.689 AC
(C)	A.P. #410-512-05	332,412 SF	7.631 AC
PCL 2 - LLA 90-11		1,756,218 SF	40.317 AC
INST #91-178038 OR			

MAPPING/449/01/EXHIBITS/LOT1

FUSCOE
ENGINEERING

Civil Engineers • Land Surveyors

16785 Von Karman, Ste 100
 Irvine, California 92608
 Phone (949) 474-1980
 FAX (949) 474-5315

LAND AREA EXHIBIT -
 PORTIONS OF
 TRACT NO. 10950
 for
 ROY K. SAKIOKA & SONS

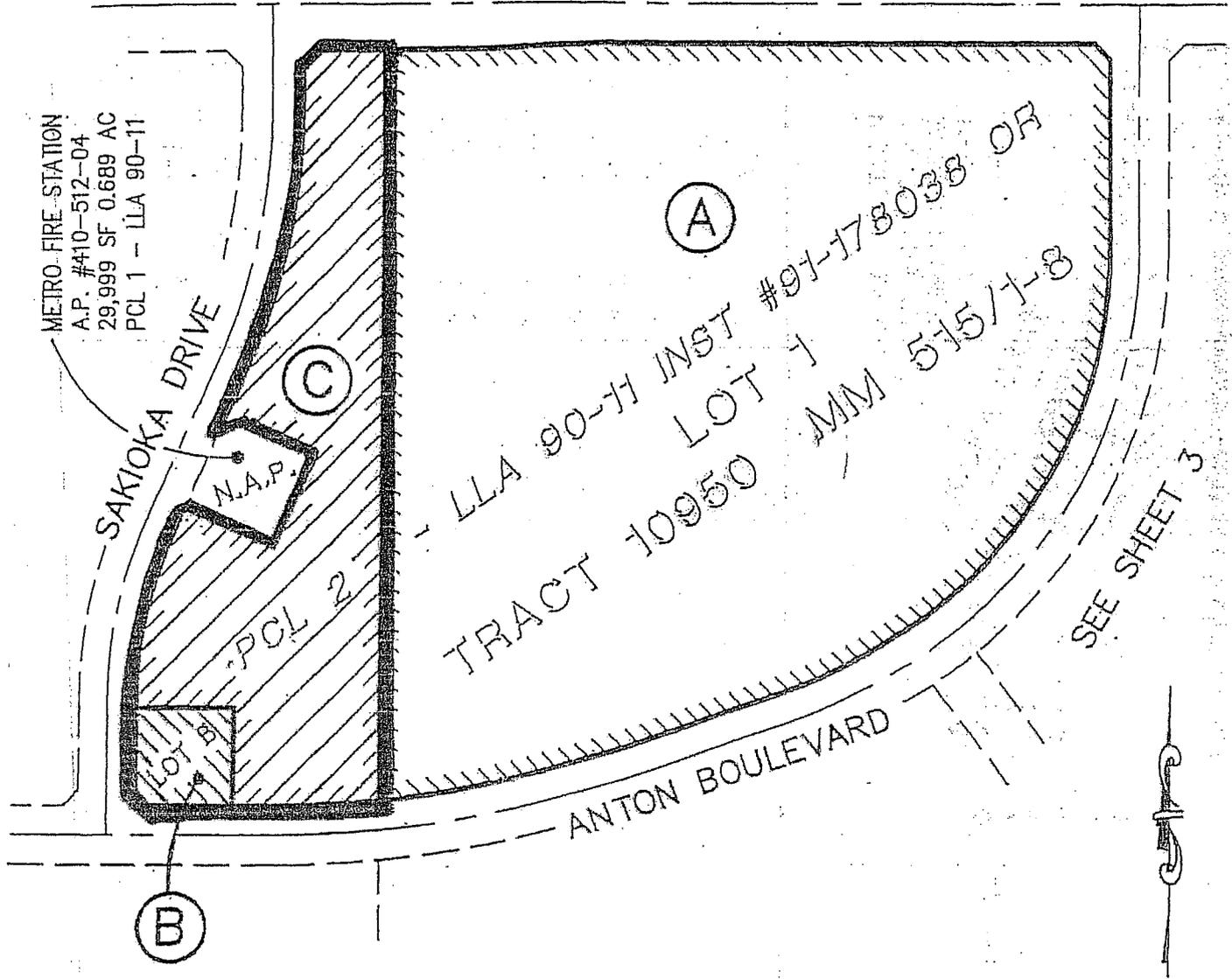
DATE: 10/17/02
 SCALE: 1"=300'
 JN: 449.0101
2 of 3

EXHIBIT D

LEGAL DESCRIPTION OF PORK CHOP PROPERTY

THAT PORTION OF PARCEL TWO OF LOT LINE ADJUSTMENT NO. LL-90-11, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, RECORDED APRIL 16, 1991 AS INSTRUMENT NO. 91-178038 OF OFFICIAL RECORDS LYING WESTERLY OF THE EASTERLY LINE OF THE LAND DESCRIBED IN DEED TO JACK TOSHIKI SAKIOKA AND JOHNNY KATSUI SAKIOKA RECORDED JULY 27, 1956 IN BOOK 3592 PAGE 553 OF OFFICIAL RECORDS OF SAID COUNTY.

SUNFLOWER AVENUE



(A)	A.P. #410-512-02	1,393,807 SF	31.997 AC
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(C)	A.P. #410-512-05	332,412 SF	7.631 AC
PCL 2 - LLA 90-11		1,756,218 SF	40.317 AC
INST #91-178038 OR			

MAPPING/449/01/EXHIBITS/LOT1

FUSCOE
ENGINEERING

Civil Engineers

16796 Von Karman, Ste 100
 Irvine, California 92608
 Phone (949) 474-1980
 FAX (949) 474-5316

Land Surveyors

LAND AREA EXHIBIT
 PORTIONS OF
 TRACT NO. 10950
 for
 ROY K. SAKIOKA & SONS

DATE: 10/17/02
 SCALE: 1"=300'
 JN: 449.0101

2 of 3

EXHIBIT E

AMENDMENTS TO DEVELOPMENT AGREEMENT

None.

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