



# City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
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**Meeting Date:** 3/23/2011

**Report Type:** Consent

**Title:** Agreement: Powerhouse Science Center- ERN Amendment

**Report ID:** 2011-00334

**Location:** 400 Jibboom Street, District 1

**Recommendation:** Adopt a Resolution authorizing the City Manager or his designee to execute an Agreement for the Exclusive Right to Negotiate with Powerhouse Science Center, Inc. for the redevelopment and reuse of the former PG&E Power Station Site.

**Contact:** Jennifer Witz, Project Coordinator, (916)808-2796, Department of Economic Development

**Presenter:** None

**Department:** Economic Development Dept

**Division:** Citywide Development

**Dept ID:** 18001031

## **Attachments:**

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- 1-Description/Analysis
- 2- Background
- 3-Resolution
- 4-Powerhouse ERN 03-11

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### **City Attorney Review**

Approved as to Form  
Michael T. Sparks  
3/22/2011 8:11:48 AM

### **City Treasurer Review**

Prior Council Financial Policy Approval or  
Outside City Treasurer Scope  
Russell Fehr  
3/17/2011 12:17:57 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Jim Rinehart - 3/21/2011 2:19:21 PM

Assistant City Manager: John Dangberg - 3/22/2011 8:08:43 AM



## Description/Analysis

**Issue:** The City has been working with Powerhouse Science Center, Inc. (“PHSC”), formerly known as the Sacramento Museum of History, Science and Technology, to rehabilitate the former PG&E Power Station as a premier science center devoted to science, space and technology (Project) since 2007 when the City Council approved an agreement for the exclusive right to negotiate (“ERN”) with the nonprofit center. Since that time, PHSC has completed its required environmental review for both CEQA and NEPA, received approval for a Parks Master Plan Amendment, been approved as a National Historic Landmark, successfully petitioned PG&E to remove two idle towers from the site, begun to implement its required environmental mitigation plan, and submitted an application to the City for planning entitlements. An agreement to extend the ERN with PHSC was approved by the City Council in August of 2008.

In July 2009, the City Council approved another agreement to extend the ERN with the PHSC and established an Individual Project Agreement (“IPA”) between the Redevelopment Agency and City for \$200,000 in River District Redevelopment Tax Increment funds to assist the PHSC in generating additional fundraising and to pay for predevelopment activities that included architectural fees, engineering studies, environmental studies, and entitlement fees (“Predevelopment Activities”). The funds were placed in the Richards Boulevard Capital Improvement Project (B18216500) (Richards Boulevard CIP) and served to increase and leverage local contributions to the project – a dollar of redevelopment funds matched with a dollar of private funding for the Powerhouse Science Center.

On March 8, 2011, in Resolution 2011-134, City Council approved the PHSC IPA with the Redevelopment Agency for the transfer of \$881,605 of River District Redevelopment Tax Increment funds for preconstruction design development activities associated with the PHSC to the Richards Boulevard CIP.

Staff recommends extending the PHSC ERN for an additional year to complete business terms and recommitting the remaining \$24,526 from the previous allocation for Predevelopment Activities and committing \$881,605 for design development documents that are fundamental to keeping the Project moving forward.

**Policy Considerations:** The Project is consistent with the River District Specific Plan, the River District Redevelopment Plan and Implementation Plan to eliminate blight and deterioration and stimulate economic growth, the Sacramento Riverfront Master Plan, and the City’s 2030 General Plan.

**Environmental Considerations:** On June 1, 2010, City Council adopted the Mitigated Negative Declaration (MND) and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included the development of the PHSC (Resolution 2010-296). The actions recommended herein do not constitute a new project or substantive changes or modifications to the previously approved PHSC project. The MND was reviewed and the environmental effects were considered pursuant to CEQA Guidelines Section 15096(f). Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require the preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines sections 15162 or 15163.

**Sustainability:** PHSC proposes to design the Project to achieve Silver or higher rating from the U.S. Green Building Council, Leadership in Energy and Environmental Design (LEED) Rating System. The Project will demonstrate leadership in sustainable design and alternative and experimental

energy in its exhibits, and in practical applications and building operations. The Project is consistent with Sustainability Master Plan goals to reduce the use of fossil fuels, improve energy efficiency, and help meet air quality standards.

**Other:** An Environmental Assessment has been prepared for the PHSC Project in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40. Based on steps set forth in paragraphs (a) through (f) of 24 CFR 58.40, a Finding of No Significant Impact (FONSI) was made, which was published, circulated, and re-evaluated, in accordance with 24 CFR 58 Subpart E. A Notice of Intent to Request Release of Funds was published along with the FONSI and was submitted to the U.S. Department of Housing and Urban Development (HUD) for approval. Approval to Release Grant Funds was executed in August 23, 2010 by HUD. On November 9, 2010, City Council received and filed the Environmental Assessment and approved the Cultural Resources Treatment and Monitoring Agreement with the Shingle Springs Band of Miwok Indians (Resolution 2010-634).

**Commission/Committee Action:** The Project was presented to the Preservation Commission for review and comment on April 7, 2010. The Project is proposed to be presented to the Preservation Commission and Planning Commission for final recommendation in Fall 2011.

**Rationale for Recommendation:** The Project is a catalyst project in the River District Redevelopment Area and will assist in its revitalization, as well as bring visitors to the City of Sacramento as a regional destination. The former PG&E Power Station Site is currently shuttered and in deteriorating condition since it was last used for a heavy industrial operation in the early 1960s. Assisting the PHSC with a total of \$906,131 in River District Redevelopment Tax Increment funds for Predevelopment Activities and preconstruction design development activities supports the River District Redevelopment Area Implementation Plan goal to eliminate blight and deterioration in the River District by rehabilitating the former PG&E Power Station structure into the future use of the PHSC and creating a regional destination that will provide an environment that supports economic growth.

**Financial Considerations:** On July 28, 2009, in Resolution 2009-500, the City Council approved an IPA with the Redevelopment Agency for the transfer of \$200,000 of River District Redevelopment Tax Increment funds to the Richards Boulevard CIP to assist the PHSC in generating additional fundraising and to pay for Predevelopment Activities. Of this \$200,000, \$24,526 remains unexpended and is being recommitted by this Council action. On March 8, 2011, in Resolution 2011-134, City Council approved the PHSC Design IPA with the Redevelopment Agency for the transfer of \$881,605 in River District Redevelopment Tax Increment funds to the Richards Boulevard Capital Improvement Project (B18216500) for preconstruction design development activities associated with the PHSC. This action encumbers the \$881,605 in the ERN agreement with the PHSC.

**Emerging Small Business Development (ESBD):** None at this time.



## Background

The former PG&E Power Station site (Site) is located on Jibboom Street, approximately one-quarter mile north of the Old Sacramento Historic District. The Site, which is immediately adjacent to the City's water intake structure on the Sacramento River, includes the historic Pacific, Gas & Electric (PG&E) building and the designated parking areas to the north and east of the building. The Site is located immediately north of the newly completed six and one-half acre Robert T. Matsui Waterfront Park. In 2002, the City took title to the Jibboom Street PG&E Power Station (Power Station) from the State of California. Other than a brief time in the early 1960's when the site was used as a metal salvage yard, the building has been shuttered since the PG&E Power Station ceased operation in 1954.

The Powerhouse Science Center is working to develop the "Powerhouse Science Center Project" on the Site, which will include a science, space and technology museum in the rehabilitated Power Station building, with a restaurant, educational center, and planetarium in a new building, and an inviting open space park area with amphitheater.

The Powerhouse Science Center is a nonprofit corporation that was created in 1994 when the Sacramento Science and Space Center, founded in 1951, and the Sacramento History Museum, founded in 1984, were consolidated. The Science and Space Center has operated in a small City-owned facility on Auburn Avenue for over 50 years. The facility only offers 11,000 square feet of space, yet it successfully operates Sacramento's only public planetarium and one of the nation's most successful Challenger Learning Centers. Despite its inconvenient location and small size, the Science and Space Center served more than 95,000 people in the year 2008.

The new location will provide room for the Science Center to expand its exhibits, classroom and laboratory space. Due to the increase in size, expanded exhibits, additional programs and improved location, the new Powerhouse Science Center Project is projected to attract 250,000 annual visitors, a substantial portion of which would be K-12<sup>th</sup> grade students.

The unique location of the proposed Powerhouse Science Center Project will take advantage of the nearby new Water Intake Plant on the Sacramento River, which will provide learning opportunities for students, and the Robert T. Matsui Waterfront Park, which will be enhanced with interpretive tours to further environmental study. Additionally, the proximity of the building to the Railroad Museum, Old Sacramento, the Crocker Art Museum and the future Railroad Technology Museum in the Railyards will place the Powerhouse Science Center Project centrally amidst other tourist attractions.

The Powerhouse Science Center Project will include a planetarium and dome theater seating for 150, an outdoor amphitheater, an outdoor café, a gift shop, a bi-level parking structure, and an adjacent restaurant and education center. The café, gift shop, and restaurant would all generate revenue that would support the Center's operation on an

ongoing basis.

On June 12, 2007, Resolution 2007-431, City Council entered into an Exclusive Right to Negotiate Agreement with PHSC. This was extended by Council on August 18, 2008 in Resolution 2008.572, and on July 28, 2009 in Resolution 2009-500, which also provided \$200,000 in predevelopment funding to the Science Center Project.

During the ERN and its extension terms, the Powerhouse Science Center has completed the following actions:

- Refined site plans including revised design of museum and detailed concepts for the parking and public components of the Project;
- Refined estimated construction costs, including all applicable fees and contingencies;
- Submitted its application for planning entitlements on March 9, 2010.
- Received approval of the amendment to the Robert T. Matsui Waterfront Park Master Plan and planned park improvement plans on June 1, 2010;
- Completed environmental review:
  - On June 1, 2010, City Council adopted the Mitigated Negative Declaration and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included an analysis of the impacts of the Powerhouse Science Center Project (Resolution 2010-296), and
  - On November 9, 2010, City Council received and filed the Environmental Assessment and approved the Cultural Resources Treatment and Monitoring Agreement with the Shingle Springs Band of Miwok Indians (Resolution 2010-634).
- Received approval on July 24, 2010 of the nomination for National Register of Historic Places for the former PG&E Power Station.
- Petitioned, successfully, to have PG&E remove two idle transmission towers from the site, which were removed in September 2010.

The Powerhouse Science Center Project has been more than four years in development. The project funding comes from foundation grants, government grants, private donations and historic tax credits.

The Powerhouse Science Center Project development plans will use approved historic preservation methods, green building technology, and the newest exhibit techniques to develop inquiry-based educational programs and a compelling visitor experience that will become a model for 21<sup>st</sup>-century informal science education. The Powerhouse site, once an industrial brownfield, will become a valued visitor and student attraction for Sacramento.

**RESOLUTION NO. 2011-**

Adopted by the  
City of Sacramento

**AGREEMENT FOR THE EXCLUSIVE RIGHT TO NEGOTIATE WITH POWERHOUSE  
SCIENCE CENTER, INC. FOR THE REDEVELOPMENT AND REUSE OF THE  
FORMER PG&E POWER STATION SITE**

BACKGROUND

- A. The City owns certain real property located in the City of Sacramento, being all or a portion of the properties west of Jibboom Street, identified as parcels 001-0190-004, -006, -009, -011, -015, and -016 ("Property") located within the River District Redevelopment Project Area ("Project Area").
- B. The Property contains the historic landmark structure, the PG&E Power Station ("Power Station"), located on a former superfund site, which has been shuttered and in deteriorating condition since it was last used for a heavy industrial operation in the early 1960s.
- C. Powerhouse Science Center ("PHSC"), formerly known as Sacramento Museum of History, Science and Technology, desires to rehabilitate the building and redevelop the Property into a science and space center with adjacent restaurant/education center and parking structure serving the site.
- D. The Property has been identified by the Redevelopment Agency as important to the furtherance of the River District Redevelopment Plan ("Redevelopment Plan") and the elimination of blighting conditions in the Project Area. The Redevelopment Plan identifies the reuse of parcels that are stagnant or improperly utilized and the rehabilitation of the Project Area as a strategy to eliminate blight.
- E. The PHSC proposal meets the objectives of the Sacramento Riverfront Master Plan, the River District Specific Plan and the River District Redevelopment Implementation Plan.
- F. On June 12, 2007, in Resolution 2007-431, City Council entered into an Exclusive Right to Negotiate Agreement with PHSC. This was extended by Council on August 18, 2008, in Resolution 2008-572, and on July 28, 2009, in Resolution 2009-500, which also committed \$200,000 of River District Redevelopment Tax Increment funds for predevelopment activities such as architectural fees, engineering studies, environmental studies, and entitlement fees. Of this \$200,000, \$24,526 remains unexpended.

- G. On March 8, 2011, in Resolution 2011-134, City Council approved the PHSC Individual Project Agreement with the Redevelopment Agency for the transfer of \$881,605 of River District Redevelopment Tax Increment funds to PHSC for preconstruction design development activities.
- H. Providing River District Redevelopment Tax Increment funds for predevelopment and preconstruction design activities will benefit the River District Redevelopment Area, and at this time there is no other reasonable means of financing these studies and activities.
- I. The proposed agreement extends the exclusive right to negotiate for one year and provides the City Manager the authority to extend the agreement for an additional one-year term for a total of two years.
- J. On June 1, 2010, City Council adopted the Mitigated Negative Declaration and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included the development of the Powerhouse Science Center Project (Resolution 2010-296). The MND was reviewed and the environmental effects were considered pursuant to CEQA Guidelines section 15096(f). Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require the preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines sections 15162 or 15163.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. After due consideration of the facts presented, the findings, including the foregoing recitals regarding this action, are approved and adopted.
- Section 2. The City Manager or his designee is authorized to execute an agreement with Powerhouse Science Center, Inc., for the exclusive right to negotiate for the redevelopment and reuse of the former PG&E Power Station Site and obligate \$906,131 from the Richards Boulevard Capital Improvement Project (B18216500) to PHSC for predevelopment activities and preconstruction design development activities.
- Section 3. The City Manager is authorized to extend the agreement for one additional term of up to one year without further action required by the City Council.
- Section 4. The agreement identified in Section 2 is attached as Exhibit A and is made a part of this resolution.

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Exhibit A: Agreement to for the Exclusive Right to Negotiate

**Exhibit A**

**Exclusive Right to Negotiate Agreement**



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## AGREEMENT FOR THE EXCLUSIVE RIGHT TO NEGOTIATE FOR THE JIBBOOM STREET POWER STATION SITE

This agreement for the exclusive right to negotiate for the Jibboom Street Power Station Site is dated \_\_\_\_\_, and is between the City of Sacramento (the “**City**”), a municipal corporation, and the Powerhouse Science Center, formerly known as the Sacramento Museum of History, Science and Technology, a California nonprofit corporation (“**Developer**”)

### BACKGROUND

- A. On June 21, 2007, the City and Developer entered into City agreement number 2007-0632 for the exclusive right to negotiate (the “**ERN**”) for a 365-day period, the development of certain real property known as the Jibboom Street Power Station Site, parcel numbers 001-0190-004, -009, -011, -015, and -016 as shown on the map attached as Exhibit A (the “**Property**”).
- B. On August 15, 2008, the City and Developer entered into City Agreement number 2008-0837 to extend the ERN for an additional 365-day period. The City and Developer again extended the ERN for an additional 365-day period on July 30, 2009 (City Agreement 2009-0729).
- C. The Property is within the River District Redevelopment Project Area (the “**Project Area**”) and the redevelopment of the Property (the “**Project**”) is consistent with the River District Redevelopment Plan (the “**Redevelopment Plan**”) and its implementing documents. The Property has been identified by the City as important to the furtherance of the Redevelopment Plan and the elimination of blighting conditions in the Project Area.
- D. The Project remains the subject of negotiation. The parties contemplate that such negotiation will lead to a mutually satisfactory program for site control, financing and development of the Property, and the negotiation of a memorandum of understanding for the development of the Property (the “**MOU**”) and a ground lease of the Property (the “**Lease**”) under which such program will be completed.
- E. Current economic and site conditions have created the need to extend the exclusive right to negotiate for an additional one-year period to complete the negotiation process and to complete Predevelopment Activities (as defined in section 4) and the following preconstruction design development activities related to the Project: schematic design, design documents, construction plans and specifications (collectively the “**Preconstruction Design Development Activities**”). The Predevelopment Activities and Preconstruction Design Development Activities may be referred to collectively as the “**Activities**.”

- F. Prior to the execution of this agreement, the City entered into two Individual Project Agreements (the “IPAs”) with the Redevelopment Agency of the City of Sacramento (the “Agency”) for the transfer of \$1,081,605 in River District Redevelopment Tax Increment funds into the Richards Boulevard Capitol Improvement Project (B18216500) for Activities related to the Project. Of this amount, \$881,605 is set aside to fund Preconstruction Design Development Activities. All the funds the City is obligated to provide to Developer under this agreement for Activities come from the funds transferred under the IPAs.

***With these background facts in mind, the Parties agree as follows:***

1. **Exclusive Right to Negotiate.** City grants to the Developer the exclusive right to negotiate for the right to develop and lease the Property.
2. **Term.** This agreement commences as of the date of its execution by both parties (“Commencement Date”) and shall terminate upon the earlier of completion of all the parties’ obligations under this agreement or one year after the Commencement Date (“Termination Date”), except as otherwise provided in this agreement.
3. **Developer’s Proposal for Development of the Property.** As a condition precedent to the City negotiating the MOU and Lease, Developer must prepare an update to the comprehensive proposal for the development of the Property (the “**Updated Proposal**”) and submit the Updated Proposal to the City for its approval. It is agreed and understood that the City’s approval of the Updated Proposal is a prerequisite to further consideration of the Project and that the City’s approval of the Updated Proposal does not compel or require the City to approve the Project, or enter into a MOU or Lease with Developer.
  - (a) **Contents of the Updated Proposal.** Developer shall include in its Updated Proposal, without limitation, the following: (1) a detailed description of the Developer’s development team, naming the principals of Developer, the architectural and design team, the general contractor, and the marketing team; (2) Project conceptual design, including site plans, elevations and typical floor plates in keeping with all applicable planning requirements and design guidelines of the City; (3) refined economic estimate of construction costs for Project designs; (4) detailed fundraising plan and financing plan; (5) 10-year cash flow analysis for Project operations; (6) location of parking spaces and the physical manner by which those spaces will be operated; (7) description of restaurant’s financial and operational relationship with the Project; and, (8) evidence of ability to satisfy City insurance and indemnity requirements.
  - (b) **Disapproval of Proposal.** This agreement will automatically terminate if the City Manager or his designee disapproves the Updated Proposal.

4. **Schedule of Performances.** The parties shall perform the following obligations by the dates specified in the following schedule (the “**Schedule of Performances**”):

Due Date	Action	Responsible Party
Within one-hundred fifty (150) days of Commencement Date	Submit Updated Proposal to City	Developer
	Continue to consult with appropriate State and local agencies with jurisdiction over the Project regarding Project approvals	Developer and the City
	Continue to consult with appropriate community and river groups with interests in the Project	Developer and the City
Within two-hundred ten (210) days of Commencement Date	Obtain Project entitlement approvals from the City	Developer
	Finalize schedule of performances for the construction period	Developer
	Negotiate the terms and conditions of an MOU and Lease	Developer and the City
Within three-hundred thirty (330) days of Commencement Date	Provide evidence of confirmed commitments meeting at least 25% of total fundraising goal	Developer
	Provide evidence of at least \$5 million committed in cash deposited in Developer’s capital campaign bank account for construction costs	Developer
Within three-hundred sixty five (365) days of Commencement Date	Complete Predevelopment Activities. These consist of engineering services, including structural, surveying, lot line adjustments, etc.; environmental services, including environmental studies, historic preservation, etc.; architectural services; and entitlement expenses including, fees, permits, etc. (collectively the “ <b>Predevelopment Activities</b> ”)	Developer
	Complete Preconstruction Design Development Activities	Developer
	Execute the MOU and Lease	Developer and the City

5. **Memorandum of Understanding for Development of Property and Lease.**

- (a) The parties shall make a good faith effort to negotiate the terms and conditions of the MOU and the Lease in accordance with the timeframe in the Schedule of Performances and to use reasonable and good faith efforts to complete and fully execute the MOU and Lease by the Termination Date.
- (b) The parties agree that the MOU and/or Lease will include, without limitation, the following terms and conditions: (1) use covenants to run with the land; (2) payment and performance bonding and/or other completion assurances; (3) insurance and

indemnities, including hazardous materials indemnities; (4) anti-discrimination provisions; (5) the City's local hiring policies and prevailing wage requirements; (6) performance assurances; (7) limitation on assignments prior to Project completion; (8) compliance with CEQA mitigation; (9) the City's rights to revest the Property upon default; and (10) the City's Art in Public Places requirements; (11) the City's rights to cure defaults, assume loans and complete construction; (12) loan guarantees and additional securities; (13) customary protections for lenders providing financing for the Project; and, (14) business operations and maintenance standards and requirements.

6. **Costs of Predevelopment Activities and Preconstruction Design Development Activities.** Developer is responsible for all costs of Predevelopment Activities and Preconstruction Design Development Activities relating to actions of Developer under this agreement, including but not limited to costs for planning, environmental, architectural, engineering, legal services, and other costs associated with preparation of Developer's Proposal, the MOU and the Lease. The City will be the sole owner of all such studies, reports, plans, and writings, as defined in California Evidence Code section 250, (collectively the "**Materials**") for which Developer receives reimbursement in whole or in part under this agreement. Developer shall provide all Materials in its possession or control to the City upon demand.

(a) **Predevelopment Activities Loan.** During the term of this agreement and any Extension Period (as defined in section 7), City will loan up to a total of \$24,526 to Developer for the cost of the Predevelopment Activities conducted under this agreement that are approved in writing by the City in advance. With the exception of Predevelopment Activities costs payable to the City, the City will disburse loan proceeds to Developer to reimburse it for one-half of costs that are actually incurred by Developer. With respect to approved costs payable to the City, the City shall provide a credit to Developer to offset one-half of the cost of these Predevelopment Activities.

(b) **Preconstruction Design Development Activities Loan.** During the term of this agreement and any Extension Period, City will loan up to a total of \$881,605 to Developer for the cost of the Preconstruction Design Development Activities conducted under this agreement that are approved in writing by the City in advance. With the exception of Preconstruction Design Development Activities costs payable to the City, the City will disburse loan proceeds to Developer or its designee to reimburse Developer for the costs that are actually incurred by Developer. With respect to approved costs payable to the City, the City shall provide a credit to Developer, to offset the costs of these Preconstruction Design Development Activities up to the amount of \$881,605.

(c) **Approval of Predevelopment and Preconstruction Design Development Activities Agreements and Assignment of Agreements.** Developer shall obtain the written approval of the City for all agreements for the provision of the Predevelopment and Preconstruction Design Development Activities services prior to execution of the

agreements. All such agreements shall have terms providing for the right of Developer to assign the agreements to the City. Upon the termination of this agreement, or upon the demand by the City, Developer shall assign its rights in any such agreements to the City. Such assignments shall be effective only upon the assumption of the agreements by the City.

(d) **Method of Reimbursement or Credit.** City shall reimburse or credit Developer for the Predevelopment and Preconstruction Design Development Activities costs within a reasonable time after receipt of a detail of expenses incurred and detail of services provided, and proof of payment by Developer.

(e) **Loan Forgiveness.** The City shall forgive all loans made to Developer under this agreement upon the tender to the City of all Materials for which Developer received reimbursement in whole or in part under this agreement. Developer shall tender all such Materials to the City not less than thirty (30) days prior to (1) the Termination Date or (2) the expiration of the Extension Period if there is an Extension Period. If Developer fails to tender all such Materials to the City within this prescribed time period, then (1) the entire loan balance shall become immediately due and payable upon notice by the City and (2) the City will not be obligated to provide Developer with any additional loan funds under this agreement.

7. **Term Extension.** This agreement may be extended for one additional period of up to one year (the “**Extension Period**”) and the Schedule of Performances amended by the City Manager or his designee with the approval of the City Manager and substantial progress of Developer in developing the Project. During the Extension Period, the parties shall accomplish all of the tasks necessary for the execution of the MOU and Lease, including without limitation, negotiating MOU and Lease terms, developing architectural plans, obtaining financing commitments, obtaining approval of entitlements, obtaining tenant commitments as necessary for financing, and engaging the general contractor.
8. **Default.** The following events by either party shall be an “Event of Default”: (a) failure to perform obligations when due, which failure is not caused by the other party; (b) failure to negotiate the terms and conditions of the MOU or Lease in good faith; (c) failure to reasonably cooperate with the other in fulfilling the other’s obligations under this agreement, or (d) unilaterally terminating this agreement; provided, however, none of these events shall constitute an Event of Default unless the event continues for more than thirty (30) days after receipt of written notice of default from the non-defaulting party.
9. **Remedies.** (a) Upon the occurrence of an Event of Default, (1) the non-defaulting party has the right to terminate this agreement and may pursue equitable remedies available to it for such Event of Default; (2) the City has the right to (A) demand and receive the immediate repayment of all loans made to Developer under this agreement and (B)

demand and receive and an assignment of all contracts for the performance of Predevelopment and Preconstruction Design Development Activity for which Developer received reimbursement in whole or in part under this agreement; and, (3) the City has the right to pursue development of the Project without any participation by Developer. These remedies are cumulative.

(b) The remedies in section 9(a) are the sole and exclusive remedies for default of this agreement, and neither party may claim, as a result of a default of this agreement, any damages, whether monetary, non-monetary, contingent, consequential or otherwise.

10. **Indemnity.** Developer shall indemnify, defend and hold harmless the City from and against any and all actions, damages, costs, liabilities, claims, demands, losses, judgments, penalties, costs and expenses of every type and description (hereafter collectively "Liabilities") arising out of or in any way connected with this agreement, whether or not (a) such Liabilities are caused in part by active or passive negligence of the City, its officers or employees or (b) such Liabilities are litigated, settled or reduced to judgment.
11. **Unavoidable Delays.** Neither the City nor Developer shall be considered in breach of, or default of, its obligations under this agreement, if the delay in the performance of such obligations is due to unforeseeable causes beyond the delayed party's control and without its fault or negligence. Unforeseeable causes shall include acts of God, acts of the public enemy, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes). In the event of the occurrence of any such delay, the time or times for performances of such obligations of the City and Developer shall be extended for a period of the delay provided that the party seeking the benefit of the provisions of this section shall, within ten days after it has or should have knowledge of any such delay, has first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the delay.
12. **Disclosure of Interested Parties.** Developer shall, as condition precedent to execution of the MOU and Lease by the City, make full disclosure to the City of the identity of all principals, officers, stockholders, partners, joint ventures, and entities in Developer.
13. **No Joint Venture.** This agreement does not create a joint venture or a partnership between the parties.
14. **Notices.** Notices required to be given by either party under this agreement shall be personally delivered or sent by first class mail to:

City of Sacramento  
Economic Development Department  
915 I Street, Third Floor

Sacramento, California 95814  
Attn: Jennifer Witz

Powerhouse Science Center Project  
c/o Otto Construction  
1717 2nd Street  
Sacramento, CA 95811  
Attn: Debora Fee

15. **Entire Agreement.** This document contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this agreement. No alteration to the terms of this agreement shall be valid unless approved in writing signed by Developer, and by City.
16. **Severability.** If any portion of this agreement or the application thereof to any person or circumstance shall be held invalid or enforceable, the remainder of this agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
17. **Waiver.** Neither City's acceptance of the performance of any obligation under this agreement by Developer, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.
18. **Enforcement of Agreement.** This agreement shall be governed, constructed and enforced in accordance with the laws of the State of California.
19. **Assignment Prohibited.** Developer shall not assign any right or obligation pursuant to this agreement without the written consent of the City. Any attempted or purported assignment without City's written consent shall be void and of no effect.
20. **Authority.** Each person signing this agreement for Developer hereby represents and warrants that he or she is fully authorized to sign this agreement on behalf of Developer and to bind Developer to the performance of its obligations under this agreement.
21. **Termination of Prior Agreement.** City Agreement number 2009-0729 will automatically terminate upon the Commencement Date.

Executed as of the date first written above, in Sacramento, California.

**CITY OF SACRAMENTO**  
A Municipal Corporation

**Powerhouse Science Center**  
A Nonprofit Corporation

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

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

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

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

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

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

For: City Manager

APPROVED TO AS FORM:

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

\_\_\_\_\_  
Senior Deputy City Attorney

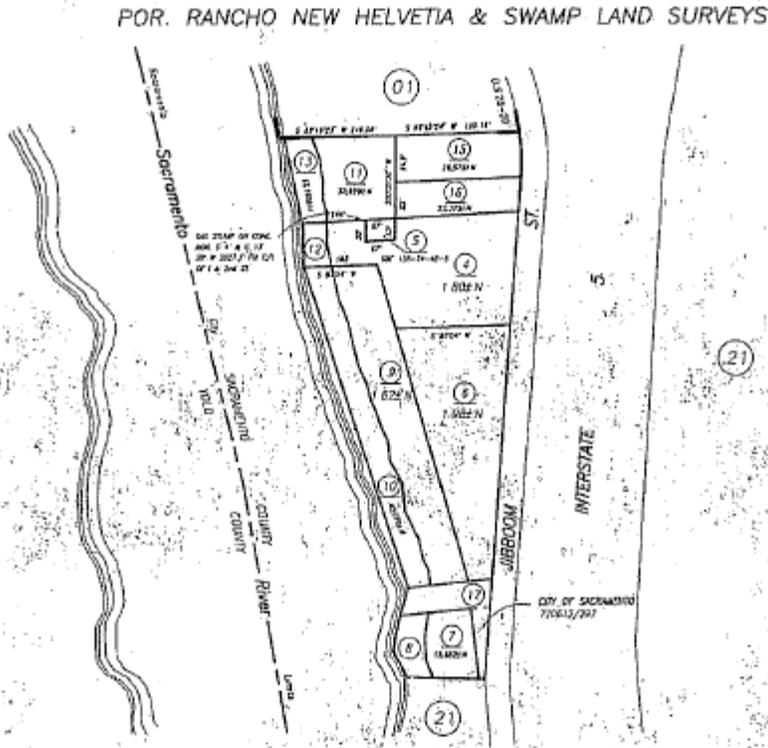
Print Name: \_\_\_\_\_

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

ATTEST:

\_\_\_\_\_  
City Clerk

Parcel Map



Record of Survey, O S Bk 28, Pg 20 (12-31-70)

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