

Meeting Date: 12/17/2013

Report Type: Consent

Report ID: 2013-00884

Title: Sale of 9.15 acres of City-owned Property to Rapton Investment Group, LLC

Location: District 2

Issue: Rapton Investment Group, LLC has expressed interest in purchasing 9.15± acres it has leased from the City since June 5, 2007. Sacramento City Code §3.88.090 provides that City Council may authorize the City Manager to sell real property on specified terms and conditions, and without first soliciting bids, when the sale is in the City's best interest. Rapton's \$14-million investment on the site and 48-year history of doing business in the Sacramento area, the City's 2011 sale of an adjacent parcel to Chrysler, and Rapton's continuing partnership with the City all support this sale, which will also provide the City with one-time revenue for the repayment of City debt obligations.

Recommendation: Pass a Resolution providing for the negotiated sale of 9.15± acres located at 3630 Fulton Avenue to Rapton Investment Group, LLC by 1) authorizing and directing the City Manager or the City Manager's designee to sell the 9.15± acres to Rapton Investment Group, LLC on specified terms and conditions; 2) authorizing the City Manager or the City Manager's designee to execute such additional necessary documents and to take such additional necessary actions to implement the Agreement; 3) authorizing the use of \$20,000 received from Rapton to obtain the services of Orrick Herrington & Sutcliffe LLP, as tax counsel and to obtain the services of a third-party trustee, both as necessary, related to the sale; 4) authorizing reimbursement to Rapton Investment Group, LLC any portion of the \$20,000 not used by the City Treasurer's Office for tax counsel and trustee expenses related to the sale; 5) authorizing the deposit of the sale proceeds into the City's debt-service fund for the 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) for repayment of General Fund debt obligations; and 6) authorizing the City Manager or the City Manager's designee to adjust the General Fund revenue and expenditure budgets for the reductions in lease revenue and debt service.

Contact: James R. Rinehart, Director, (916) 808-5054, Economic Development Department, Veronica Smith, Senior Project Manager, (916) 808-1046, Economic Development Department; Janelle Gray, Debt Manager, Office of the City Treasurer, (916) 808-8296

Presenter: None

Department: Economic Development Dept

Division:

Dept ID:

James Sanchez, City Attorney

Shirley Concolino, City Clerk

Russell Fehr, City Treasurer

John F. Shirey, City Manager

Attachments:

- 1-Description/Analysis
- 2-Resolution (Rapton Sale)
- 3-Exhibit A (Property Description)

City Attorney Review

Approved as to Form
Joseph Cerullo
12/11/2013 4:12:26 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
12/9/2013 2:40:51 PM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 12/11/2013 1:28:37 PM

Description/Analysis

Issue Detail: Rapton Investment Group, LLC ("**Rapton**") currently leases the 9.15± of City-owned property at 3630 Fulton Avenue that is the site of Mel Rapton Honda (the "**Property**"). Rapton now desires to acquire the Property in fee for \$4,305,000, which is equal to the Property's proportionate share of the outstanding 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program). It is also \$25,000 above the current market value of \$4,280,000, as determined by an independent appraisal. Proceeds from the sale will be deposited into the City's debt-service fund for the 2006 bonds.

Under Section 3.88.090 of the Sacramento City Code, the City Council may adopt a resolution authorizing the City Manager to sell the Property on specified terms and conditions, and without first calling for bids, if the City Council finds that the sale will be in the City's best interest.

Policy Considerations: Rapton's \$14-million investment at the Property and 48-year history of doing business in the Sacramento area, the City's 2011 sale of an adjacent parcel to Chrysler, and Rapton's continuing partnership with the City all provide strong justification for supporting this recommendation to sell the Property. Additionally, the City will continue to benefit from associated sales and property taxes.

Economic Impacts: N/A

Environmental Considerations:

California Environmental Quality Act (CEQA): On June 16, 2007, the City Council certified an Environmental Impact Report for the Fulton Avenue Development Project, which envisioned an auto dealership on the Property. Authorizing the proposed sale will not, by itself, cause a significant change in the environment.

Sustainability: N/A

Commission/Committee Action: N/A

Rationale for Recommendation: Approval of the attached resolution authorizing the sale (1) will allow Rapton to acquire the Property in fee and maintain its long-term investment in its business; and (2) will provide the City with one-time revenue for the repayment of debt obligations.

Financial Considerations: Under the terms and conditions set forth in the resolution, Rapton pay the City \$4,305,000 as the full purchase price for the Property (including related easements), plus up to \$20,000 for potential administrative fees associated with the City's obtaining a tax opinion from bond counsel and for trustee fees. The City will not incur any additional costs for this transaction other than administrative costs, e.g., due-diligence cost of analyzing Rapton's offer, which will not be reimbursed.

Although the City will no longer receive monthly lease payments from Rapton, the sale proceeds will provide the resources necessary to service the debt associated with the Property.

Local Business Enterprise (LBE) Program: Not applicable.

RESOLUTION NO. 2013-

Adopted by the Sacramento City Council

PROVIDING FOR THE SALE OF 9.15± ACRES OF CITY PROPERTY LOCATED AT 3630 FULTON AVENUE AND DIRECTING THE CITY MANAGER TO SELL THE PROPERTY TO RAPTON INVESTMENT GROUP, LLC ON THE TERMS AND CONDITIONS SPECIFIED

BACKGROUND

- A. The City owns in fee simple the following real property, comprising approximately 9.15 acres total (the "**Property**"): a ±4.857-acre parcel and a ±4.154-acre parcel that are the site of Mel Rapon Honda, 3630 Fulton Avenue, and the northern half of Rapon Lane, a private road; and a ±0.140-acre parcel that is the site of a monument sign and vehicle-display area. Descriptions of the Property are attached to this resolution as Exhibit A.
- B. On June 5, 2007, the City Council approved a long-term Ground Lease of the Property between the City and Rapon Investment Group, LLC ("**Rapon**"), which has a 48-year history of doing business successfully in the Sacramento area (Resolution 2007-341). Rapon subsequently invested \$14 million in the Property, which since January 2009 has been the site of Mel Rapon Honda.
- C. In late 2010, Rapon approached the City about purchasing the Property in fee. The City and Rapon have successfully completed negotiations, and Rapon desires to purchase the Property for \$4,305,000. The City in turn desires to sell the Property to Rapon for that price.
- D. The City Council finds that selling the Property to Rapon without first calling for bids will be in the best interest of the City. (Sacramento City Code, section 3.88.090).

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

Section 1. The facts set forth in the Background are correct.

Section 2. The City Manager or the City Manager's designee is hereby authorized and directed, on the City's behalf, to sell the Property to Rapon (fee-simple title), reserving all necessary easements for ingress and egress plus utilities, on the following terms and conditions:

- (a) *Price*. The total purchase price is \$4,305,000.00, payable through escrow in cash or by certified check or cashier's check.
- (b) *Escrow holder*: First American Title Insurance Company, 1610 Arden Way, Suite 101, Sacramento, California.
- (c) *Conditions Precedent to Closing*:
 - (1) Payment of the purchase price in full.
 - (2) Recordation of one or more deeds granting Rapton the following:
 - (A) Fee-simple title to the Property and reserving to the City any easements required for utilities; for the City's continued access to, and use of, Rapton Lane, a private road; for the City's continued access to the ±0.140-acre parcel that is the site of a monument sign and vehicle-display area; and for the City's continued access to any other City-owned property.
 - (B) An easement appurtenant for access to, and continued use of, Rapton Lane, a private road.
 - (C) Access and utility easements appurtenant for continued access to the ±0.140-acre parcel that is the site of a monument sign and vehicle-display area
 - (D) Any other easements Rapton needs for access to and from the Property.
- (d) *Incidental Expenses*. Rapton shall pay all fees escrow charges for escrow services in connection with this transaction; all charges for preparation of escrow documents, if any; all costs to prepare preliminary reports and title commitments; all recording costs, if any; the cost of a policy of title insurance; the cost of any appraisal reports prepared for this transaction at Rapton's request, including any addenda to the reports, if not previously paid; all transfer taxes; and all other costs of escrow and closing except for the cost to prepare legal descriptions for the Property (which the City shall pay).
- (e) *Commissions*. Rapton shall pay all commissions, fees, and costs owed to any broker Rapton uses in connection within this transaction.
- (f) *Taxes*. Taxes and assessments on the Property are to be prorated as of the closing date.

- (g) *The City's Representations and Warranties.* The City shall make the following representations and warranties, which will survive the closing by one year:
- (1) The City owns the Property in fee simple, has the exclusive right to sign this agreement and convey the Property, and is authorized to enter into this agreement.
 - (2) The City has not employed any broker or real-estate agent in connection with this transaction.
 - (3) To the City's actual knowledge (i.e., actual knowledge of the City Manager and the Economic Development Director), the following statements are true:
 - (A) The City has delivered to Rapton accurate and complete copies of the documents in the City's possession that relate to the physical or environmental condition of the Property and are listed in the sale agreement (the "**Reports**"). The City makes no representations or warranties as to the accuracy of the Reports, and if Rapton relies on the Reports it will do so at its own risk.
 - (B) Except as described in the Reports and in the sale agreement, the City has not received notice of any violation of any federal, state, or local statute, ordinance, regulation, rule, administrative or judicial order, or other requirement that is unresolved and would have a material adverse effect on Rapton's intended use of the Property as an automobile dealership if unresolved.
 - (C) The City has not been served with process in, and has not been overtly threatened with, any litigation, arbitration, or administrative proceeding, in any court or before or by any agency of a federal, state, or local government, that relates to the Property, including ownership or use of the Property or any portion of the Property; and would have a material adverse effect on Rapton's intended use of the Property as an automobile dealership if resolved adversely to the City.
 - (D) Except for matters of record disclosed in the title commitment Rapton procures, there are no leases, licenses, easements, or other third-party rights to use or occupy any portion of the Property; no adverse parties in possession of any portion of the Property; and no rights to purchase the Property or any portion of the Property that are prior to the effective date of the sale agreement or are held or claimed by any third party.

- (E) There are no unrecorded agreements or restrictions that would affect Rapton's intended use of the Property as an automobile dealership.
- (F) As of the Closing Date, the City will have paid all bills and claims for any work done on the Property at the City's direction.
- (G) There are no condemnation or eminent-domain proceedings pending or anticipated with respect to the Property or any part of the Property.
- (H) There is no lease, license, permit, option, right of first refusal, or other agreement affecting the Property.
- (I) Unless this agreement expressly and unambiguously provides otherwise, the City has not made, and with this agreement does not make, any representation or warranty to Rapton concerning the compliance of the Property with any environmental laws (to be broadly defined), except that the City represents that it has no actual knowledge of any noncompliance of the Property with environmental laws; or with any other statute, ordinance, regulation, rule, order, decree, law, or governmental requirement.
- (J) The Property is not subject to any "Superfund" or similar lien or to any claim by any governmental regulatory agency or third party related to the release or threatened release of any hazardous substances (to be broadly defined). During the City's ownership of the Property, no litigation or governmental action or proceeding has been maintained or threatened against the City, and the City has not entered into any settlement with any third parties, with respect to the actual or alleged presence, disposal, release, or threatened release of any hazardous substances on, from, or under the Property, except as follows: In 2007, under the supervision of the County of Sacramento Environmental Management Department, and in accordance with a Final Response Plan dated February 21, 2007, and a Final Implementation Plan dated March 14, 2007, the City remediated the original 21-acre parcel of which the Property is a part by excavating contaminated soil and consolidating the excavated soil on portions of the Property. The contaminants in the soil include lead (up to 9,000 milligrams per kilogram), arsenic (up to 49 milligrams per kilogram), and polynuclear aromatic hydrocarbons (with benzo[a]pyrene equivalent up to 14 milligrams per kilogram). The consolidated soil was covered with an impermeable cap. When the remediation was completed, the City and the County of Sacramento Environmental

Management Department entered into a *Maintenance Agreement* for the impermeable cap (City Agreement No. 2008-1001), recorded with the Sacramento County Clerk/Recorder in Book 20081218 at page 0870; and a *Covenant to Restrict Use of Property – Environmental Restriction* (City Agreement No. 2008-1002), recorded with the Sacramento County Clerk/Recorder in Book 20081218 at page 0871.

- (4) The City has performed all of its obligations under, and is not in breach of, the remediation plan and remediation agreements identified in Section (2)(g)(3)(J).
 - (5) The City's performance under the sale agreement will not constitute a breach or default under any other agreement to which the City is bound or to which the Property is subject.
 - (6) The City has not made, and with the sale agreement does not make, any representation or warranty to Rapton concerning the suitability of the Property for the intended use as an automobile dealership.
- (h) *Rapton's Representations and Warranties*. Rapton shall make the following representations and warranties, which will survive the closing by one year:
- (1) Rapton has reviewed and approved the sale agreement.
 - (2) Rapton is duly organized, validly existing, and in good standing under California law and is authorized to do business in California.
 - (3) Rapton is duly authorized to enter into and perform this agreement and has the authority and financial resources needed to acquire the Property and operate it as an automobile dealership.
 - (4) Rapton's entering into, and performing under, the sale agreement does not violate California law or Rapton's operating agreement.
 - (5) Rapton represents that it has no actual knowledge of any noncompliance of the Property with any environmental laws during the time Rapton has been in possession of the Property under the Ground Lease dated June 5, 2007, as amended; that, with respect to the Property, it has no actual knowledge of its noncompliance with, or its breach of, Section 4.02, 4.04, 9.03, 9.05, or 9.06 of the ground lease during the time Rapton has been in possession of the Property; and that, to Rapton's actual knowledge (i.e., the knowledge of Rapton's managing member), no general assignments for the benefit of creditors and no voluntary or involuntary proceedings in bankruptcy are pending or threatened against Rapton.

(6) Rapton has retained no broker or real-estate agent in connection with this transaction other than the Curtis Kaufman and Brian Kaufman.

(i) *Physical Condition of the Property.*

- (1) Except as expressly and unambiguously provided otherwise in the City's representations and warranties, the City has not made and does not make any representations or warranties of any kind, express or implied, written or oral, about the following: the physical or environmental condition of the Property; the suitability of the Property for the Intended Use; any limitations on Rapton's use of the Property, including limitations arising from zoning laws, environmental laws (to be broadly defined), or other statutes, ordinances, regulations, rules, administrative or judicial orders, or governmental requirements; the costs of conducting Rapton's intended use on the Property; or the condition of the soils, surface waters, or ground waters of the Property. Rapton has ascertained the condition of the Property through its own independent investigation and has relied solely on that independent investigation when entering into the sale agreement. Subject to the City's representations and warranties, by taking title to the Property, Rapton acknowledges that the Property is satisfactory for Rapton's intended use; accepts the Property in an "as is" condition with all faults then existing, including the presence of any hazardous substance (to be broadly defined), whether known or unknown; and assumes all responsibility for the Property's condition and then-existing faults, although Rapton reserves its rights against third parties, and the City will remain responsible for its breaches of the remediation agreements identified in Section (2)(g)(3)(J) before the closing.
- (2) Rapton shall assume the City's obligations under the remediation agreements identified in Section (2)(g)(3)(J) that accrue after the closing date and shall comply with all restrictions imposed by the remediation agreements to the extent those obligations and restrictions apply to the Property.
- (3) Rapton shall not do anything on the land burdened by Rapton's easement on the City-owned portion of Rapton Lane, or permit anything to be done on the burdened land, that damages the impermeable cap or violates the remediation agreements identified in Section (2)(g)(3)(J).
- (4) Rapton fully, finally, and forever releases and discharges the City from all claims pertaining to, or arising out of, the physical or environmental condition of the Property, including the presence of any hazardous substance (to be broadly defined), whether known or unknown, except for claims arising out of the City's breach of any of its representations

and warranties. This release of liability, which will survive the closing, does all the following:

- (A) Covers all past, present, and future claims, rights, liabilities, demands, obligations, duties, promises, costs, expenses, damages, injuries, and other losses or rights of any kind, whatever the theory of recovery, and whether known or unknown, suspected or unsuspected, anticipated or unanticipated, fixed or contingent, or matured or unmatured.
- (B) Includes reasonable attorneys' fees, litigation costs, and consultants' costs related to the physical or environmental condition of the Property.
- (C) Includes all rights and benefits that Rapton and all persons and entities claiming by, through, under, or in concert with Rapton may have under California Civil Code section 1542, which states as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

(5) Rapton acknowledges that it is acquiring the Property subject to all existing statutes, ordinances, regulations, rules, administrative or judicial orders, and other governmental requirements; and that, except as expressly and unambiguously provided otherwise in the City's representations and warranties, neither the City nor any of the City's elected officials, officers, employees, or agents has made any warranties, representations, or statements regarding any statutes, ordinances, regulations, rules, orders, or requirements of any governmental or quasi-governmental body, entity, district, agency, or court having authority with respect to the use, condition, or occupancy of the Property.

(j) *Rapton's Indemnification of the City.* This indemnity is to be interpreted and applied broadly in favor of the City and the City's elected officials, officers, employees, contractors, and agents, and it will survive both the termination of the agreement and the closing. The City does not waive, and will not be deemed to waive, any rights it may have against Rapton under this indemnity because of any insurance coverage the City or Rapton may have. As used in this indemnity, "costs" includes reasonable attorneys' fees incurred through final resolution on appeal, whether for the City's outside counsel or the City Attorney, but only if Rapton fails to provide a defense as required by this indemnity. Rapton shall indemnify, defend (with attorneys reasonably acceptable to the City), and hold harmless the City and the City's elected officials, officers, employees, contractors, and agents from and

against all liabilities, claims, demands, damages, and costs to the extent they arise from Rapton's breach of its representations or warranties; Rapton's failure to comply with the remediation agreements identified in Section (2)(g)(3)(J) to the extent those agreements apply to the Property; or the acts or omissions of Rapton or Rapton's members, officers, employees, contractors, agents, or invitees with respect to the land burdened by Rapton's easement on the City-owned portion of Rapton Lane.

- (k) *The City's Indemnification of Rapton.* This indemnity is to be interpreted and applied broadly in favor of Rapton and Rapton's members, officers, employees, contractors, and agents, and it will survive both the termination of this agreement and the Closing. Rapton does not waive, and will not be deemed to waive, any rights it may have against the City under this indemnity because of any insurance coverage the City or Rapton may have. As used in this indemnity, "costs" includes reasonable attorneys' fees incurred through final resolution on appeal, but only if the City fails to provide a defense as required by this indemnity. The City shall indemnify, defend (with attorneys reasonably acceptable to Rapton), and hold harmless Rapton and Rapton's members, officers, employees, contractors, and agents from and against all liabilities, claims, demands, damages, and costs to the extent they arise, directly or indirectly, from the City's breach of its representations or warranties; or the physical or environmental condition on the closing date of the land burdened by Rapton's easement on the City-owned portion of Rapton Lane, except that the City is not obligated under this indemnity for such liabilities, claims, demands, damages, or costs to the extent they arise from the acts or omissions of Rapton or Rapton's members, officers, employees, contractors, agents, or invitees; or Rapton's violation of the remediation agreements identified in Section (2)(g)(3)(J).
- (l) *Administrative Costs of Bond Retirement.* Within five business days after the effective date of the sale agreement, Rapton shall deposit \$20,000 with the City Treasurer's Office, which the City shall use solely for legal and trustee services associated with the pro rata retirement of municipal bonds that have an annual debt-service obligation approximately equal to the annual municipal-bond debt-service obligation the City has internally allocated to the Property. Within 30 days after the City has paid in full for the required services, or within 30 days after the one-year anniversary of the effective date, whichever is earlier, the City shall refund to Rapton any unused portion of the deposit. In addition, if through no fault of Rapton, escrow does not close, then the City shall refund to Rapton the full \$20,000. This refund obligation will survive both the termination of the sale agreement and the closing.
- (m) *Other Terms and Conditions.* Any other terms and conditions the City Manager and the City Attorney, or their respective designees, determine to

be consistent with this resolution and necessary to consummate the sale of the Property.

Section 3. The City Manager or the City Manager's designee is hereby authorized to execute such additional necessary documents and to take such necessary additional actions to implement this resolution.

Section 4. The City Manager or the City Manager's designee is hereby authorized (a) to use the \$20,000 deposit required of Rapton under Section 2(l) to obtain the services of Orrick, Herrington & Sutcliffe LLP, as tax counsel, and to obtain the services of a third-party trustee, both as necessary, related to the sale of the Property; and (b) to reimburse Rapton for any portion of the \$20,000 not used by the City Treasurer's Office for tax counsel and trustee expenses related to the sale.

Section 5. The City Manager or the City Manager's designee is hereby authorized to deposit the sale proceeds into the City's debt-service fund for the 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) for repayment of General Fund debt obligations.

Section 6. The City Manager or the City Manager's designee is hereby authorized to adjust the General Fund revenue and expenditure budgets for the reductions in lease revenue and debt service.

Exhibit A

Resolution No. 2013-_____

Providing for the Sale of 9.15± Acres of City Property Located at 3630 Fulton Avenue and Directing the City Manager to Sell the Property to Rapton Investment Group, LLC on the Terms and Conditions Specified

Legal Descriptions & Plat Maps of the Property

This Exhibit A consists legal descriptions and plats prepared by Wood Rodgers, Inc. of Sacramento, California, and designated as Documents 1, 2, 3, 4, 5, 6, and 7.

The Property consists of the following:

- The ±4.857-acre parcel described and depicted in Document 1 (two pages) and Document 2 (one page), respectively, as "Area A-2."
- The ±0.140-acre parcel described and depicted in Document 3 (one page) and Document 4 (one page), respectively, as "Area B-2."
- The ±4.154-acre parcel described and depicted in Document 5 (two pages) and Document 6 (one page), respectively, as "Area B-3."

Also included in this Exhibit A, as Document 7, is a parcel map showing the Property in relation to Rapton Lane (a private road), Fulton Avenue (a public road), and Haggin Oaks Drive (a public road).

Document 1

DESCRIPTION OF AREA A-2

Being a portion of Parcel A as shown and so designated on that certain Parcel Map entitled "Haggin Oaks" filed for record in Book 207 of Parcel Maps, at Page 9, Sacramento County Records situate in Sections 26 and 31 of Rancho Del Paso, City of Sacramento, County of Sacramento, State of California, said property being more particularly described as follows:

Beginning at a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking the intersection of the easterly right-of-way line of Fulton Avenue with the centerline of the private Rapton Drive as shown on said Parcel Map; thence from said **POINT OF BEGINNING** coincident with said easterly right-of-way line of Fulton Avenue for the following 7 arcs, courses and distances:

1. North 05°28'37" East a distance of 29.50 feet to a point of curvature;
2. from a radial line which bears South 05°28'37" West, 11.25 feet along the arc of a non-tangent 429.50 foot radius curve to the right through a central angle of 01°30'04" to a point of compound curvature;
3. 38.48 feet along the arc of a tangent 25.83 foot radius curve to the right through a central angle of 85°21'59" to a point of reverse curvature;
4. 148.21 feet along the arc of a tangent 526.67 foot radius curve to the left through a central angle of 16°07'25";
5. North 08°01'16" West a distance of 53.38 feet to a point of curvature;
6. from a radial line which bears North 70°31'12" East, 102.65 feet along the arc of a non-tangent 534.67 foot radius curve to the left through a central angle of 10°59'59"; and
7. 48.24 feet along the arc of a tangent 30.83 foot radius curve to the right through a central angle of 89°38'39" to the southerly right-of-way line of Haggin Oaks Drive as shown on said Parcel Map;

thence leaving said easterly right-of-way line of Fulton Avenue, coincident with said southerly right-of-way line of Haggin Oaks Drive for the following 7 arcs, courses and distances:

1. North 59°09'52" East a distance of 44.41 feet to a point of curvature;
2. 197.35 feet along the arc of a tangent 565.00 foot radius curve to the right through a central angle of 20°00'47";
3. North 79°10'39" East a distance of 143.60 feet to a point of curvature;
4. 138.52 feet along the arc of a tangent 635.00 foot radius curve to the left through a central angle of 12°29'55";
5. North 66°40'44" East a distance of 12.10 feet to a point of curvature;
6. 33.92 feet along the arc of a tangent 32.00 foot radius curve to the right through a central angle of 60°43'57" to a point of reverse curvature; and
7. 26.58 feet along the arc of a tangent 58.00 foot radius curve to the left through a central angle of 26°15'12";

thence leaving said southerly right-of-way line of Haggin Oaks Drive, coincident with the easterly line of said Parcel A for the following 5 courses and distances:

1. South 13°32'50" East a distance of 98.71 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
2. South 79°10'40" West a distance of 69.11 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
3. South 10°49'20" East a distance of 240.99 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
4. South 79°10'40" West a distance of 289.83 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944; and
5. South 13°32'50" East a distance of 133.68 feet to a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking the centerline of the private Rapton Drive as shown on said Parcel Map;

thence leaving said easterly line of Parcel A, coincident with said centerline of the private Rapton Drive for the following 2 arcs:

1. from a radial line which bears South 06°32'01" East, 151.13 feet along the arc of a non-tangent 2994.00 foot radius curve to the right through a central angle of 02°53'32" to a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking a point of compound curvature;
2. 73.05 feet along the arc of a tangent 459.00 foot radius curve to the right through a central angle of 09°07'06" to the Point of Beginning.

Containing 4.857 acres of land, more or less.

See Exhibit "B", plat to accompany description, attached hereto and made a part hereof.

The Basis of Bearings for this description is California State Plane Coordinate System, Zone 2, NAD'83, as measured between GPS Station "G3709", and GPS Station "G3810 as shown and so designated on that certain Record of Survey entitled "Record of Survey GPS Static Survey" filed for record in Book 63 of Surveys, at Page 29, Sacramento County Records. Said bearing is North 61°25'55" East. Distances shown are ground based.



Craig E. Spiess P.L.S. 7944
Expires: December 31, 2011

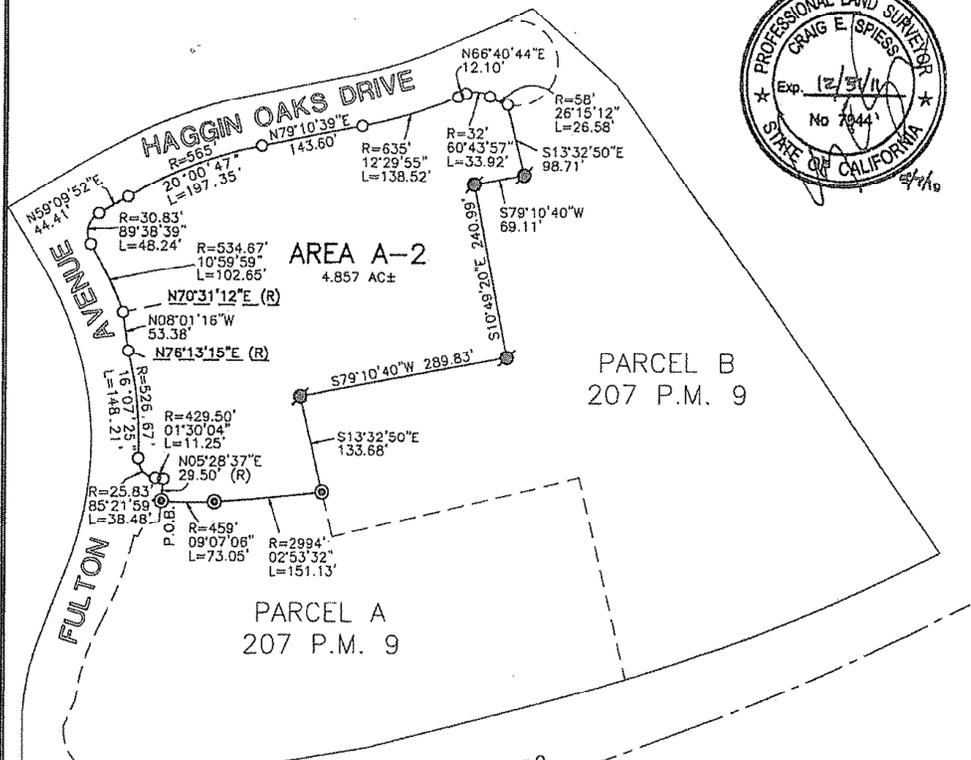
Date: 5/7/10



PREPARED BY WOOD RODGERS, INC.
SACRAMENTO, CALIFORNIA

Document 2
Plat to Accompany
Description of Area A-2

HAGGIN OAKS
 PORTION OF PARCEL A - 207 P.M. 9
 CITY OF SACRAMENTO
 COUNTY OF SACRAMENTO STATE OF CALIFORNIA



INTERSTATE BUSINESS 80
 (CAPITAL CITY FREEWAY)



SEE DESCRIPTION FOR
 COURSE INFORMATION

NOT TO SCALE

WOOD RODGERS
 ENGINEERING • MAPPING • PLANNING • SURVEYING
 3301 C St., Bldg. 100-B Tel 916.341.7760
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Document 3

DESCRIPTION OF AREA B-2

Being a portion of Parcel B as shown and so designated on that certain Parcel Map entitled "Haggin Oaks" filed for record in Book 207 of Parcel Maps, at Page 9, Sacramento County Records situate in Sections 26 and 31 of Rancho Del Paso, City of Sacramento, County of Sacramento, State of California, said property being more particularly described as follows:

Beginning at a found 6" x 6" concrete highway monument marking the southeast corner of said Parcel B as shown on said Parcel Map; thence from said **POINT OF BEGINNING** coincident with the south line of said Parcel B, from a radial line which bears South 26°29'08" East, 106.08 feet along the arc of a non-tangent 2750.00 foot radius curve to the right through a central angle of 02°12'37" to the intersection with the multi-purpose easement line as shown on said Parcel Map; thence leaving said south line of Parcel B, coincident with said multi-purpose easement line, North 11°31'43" East a distance of 143.22 feet to the east line of said Parcel B; thence leaving said multi-purpose easement line, coincident with the east line of said Parcel B, South 35°18'51" East a distance of 116.26 feet to the Point of Beginning.

Containing 6,109 square feet of land, more or less.

See Exhibit "B", plat to accompany description, attached hereto and made a part hereof.

The Basis of Bearings for this description is California State Plane Coordinate System, Zone 2, NAD'83, as measured between GPS Station "G3709", and GPS Station "G3810 as shown and so designated on that certain Record of Survey entitled "Record of Survey GPS Static Survey" filed for record in Book 63 of Surveys, at Page 29, Sacramento County Records. Said bearing is North 61°25'55" East. Distances shown are ground based.

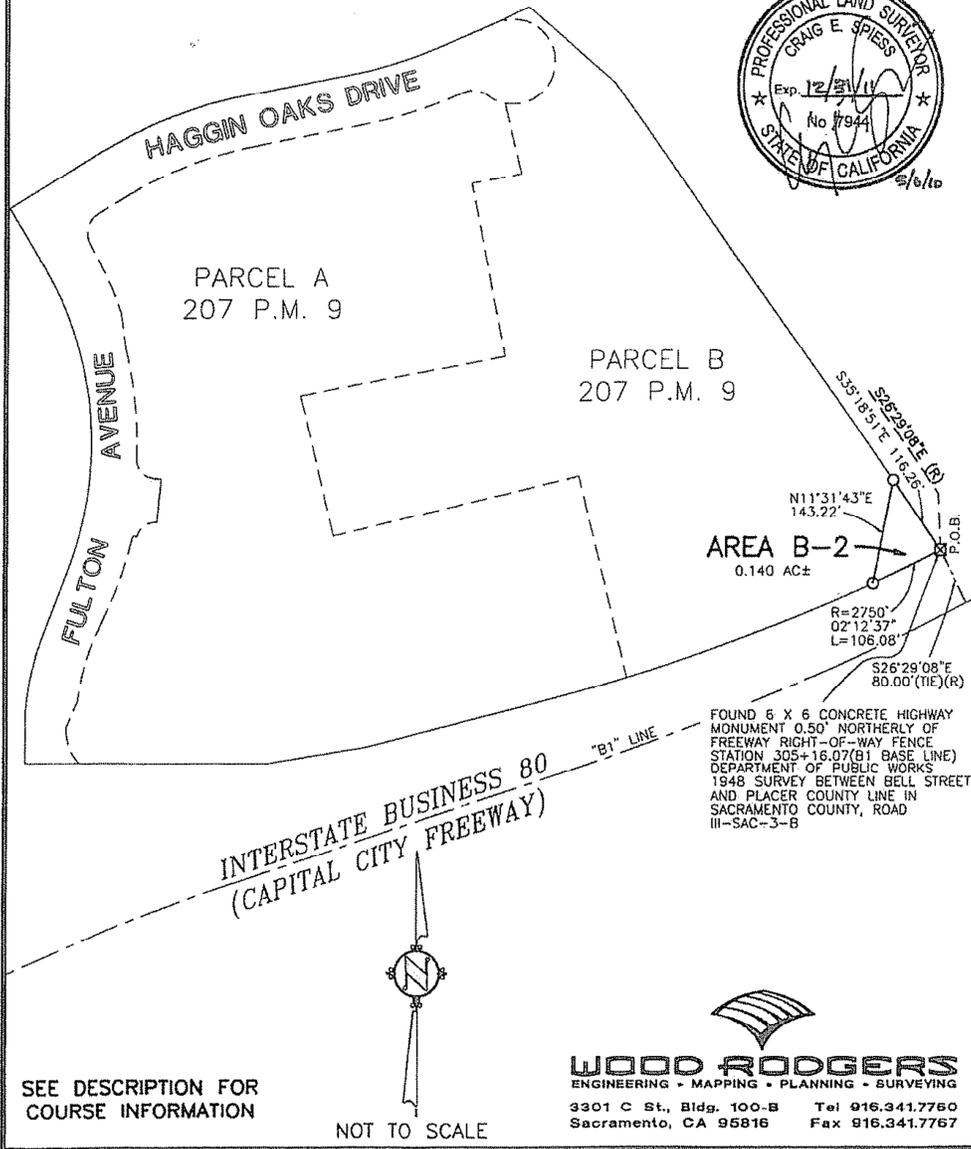

Craig E. Spiess P.L.S. 7944
Expires: December 31, 2011
Date: 5/6/10



PREPARED BY WOOD RODGERS, INC.
SACRAMENTO, CALIFORNIA

Document 4
Plat to Accompany
Description of Area B-2

HAGGIN OAKS
PORTION OF PARCEL B - 207 P.M. 9
 CITY OF SACRAMENTO
 COUNTY OF SACRAMENTO STATE OF CALIFORNIA



Document 5

DESCRIPTION OF AREA B-3

Being a portion of Parcel B as shown and so designated on that certain Parcel Map entitled "Haggin Oaks" filed for record in Book 207 of Parcel Maps, at Page 9, Sacramento County Records situate in Sections 26 and 31 of Rancho Del Paso, City of Sacramento, County of Sacramento, State of California, said property being more particularly described as follows:

Beginning at a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking the intersection of the westerly line of said Parcel B with the centerline of the private Rapton Drive as shown on said Parcel Map; thence from said **POINT OF BEGINNING** coincident with said westerly line of Parcel B for the following 5 courses and distances:

1. North $13^{\circ}32'50''$ West a distance of 133.68 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
2. North $79^{\circ}10'40''$ East a distance of 289.83 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
3. North $10^{\circ}49'20''$ West a distance of 240.99 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944;
4. North $79^{\circ}10'40''$ East a distance of 69.11 feet to a found 3/4 inch iron pipe with cap stamped L.S. 7944; and
5. North $13^{\circ}32'50''$ West a distance of 98.71 feet to the southerly right-of-way line of Haggin Oaks Drive as shown on said Parcel Map;

thence coincident with said right-of-way line of Haggin Oaks Drive, from a radial line which bears South $11^{\circ}09'29''$ West, 217.12 feet along the arc of a non-tangent 58.00 foot radius curve to the left through a central angle of $214^{\circ}28'45''$ to the northerly line of said Parcel B; thence coincident with said northerly line of Parcel B, North $64^{\circ}01'34''$ East a distance of 50.01 feet to a found 1-1/4 inch iron pipe with cap stamped L.S. 7944 marking the most northerly corner of Parcel B; thence leaving said northerly line of Parcel B, coincident with the east line of said Parcel B for the following 2 courses and distances:

1. South $48^{\circ}53'25''$ East a distance of 158.17 feet to a found 1-1/4 inch iron pipe with cap stamped L.S. 7944; and
2. South $35^{\circ}18'51''$ East a distance of 426.90 feet to a found 1-1/4 inch iron pipe with cap stamped L.S. 7944 marking the intersection of the east line of Parcel B with the centerline of the private Rapton Drive as shown on said Parcel Map;

thence leaving said east line of Parcel B, coincident with the centerline of the private Rapton Drive for the following 4 arcs, courses and distances:

1. South $54^{\circ}41'09''$ West a distance of 72.63 feet to a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking a point of curvature;

2. 88.30 feet along the arc of a tangent 365.00 foot radius curve to the right through a central angle of 13°51'42" to a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking a point of compound curvature;
3. 472.76 feet along the arc of a tangent 1965.00 foot radius curve to the right through a central angle of 13°47'05" to a found 1-1/2 inch long by 1/4 inch diameter mag nail tagged L.S. 7944 marking a point of compound curvature; and
4. 59.27 feet along the arc of a tangent 2994.00 foot radius curve to the right through a central angle of 01°08'03" to the Point of Beginning.

Containing 4.154 acres of land, more or less.

See Exhibit "B", plat to accompany description, attached hereto and made a part hereof.

The Basis of Bearings for this description is California State Plane Coordinate System, Zone 2, NAD'83, as measured between GPS Station "G3709", and GPS Station "G3810 as shown and so designated on that certain Record of Survey entitled "Record of Survey GPS Static Survey" filed for record in Book 63 of Surveys, at Page 29, Sacramento County Records. Said bearing is North 61°25'55" East. Distances shown are ground based.



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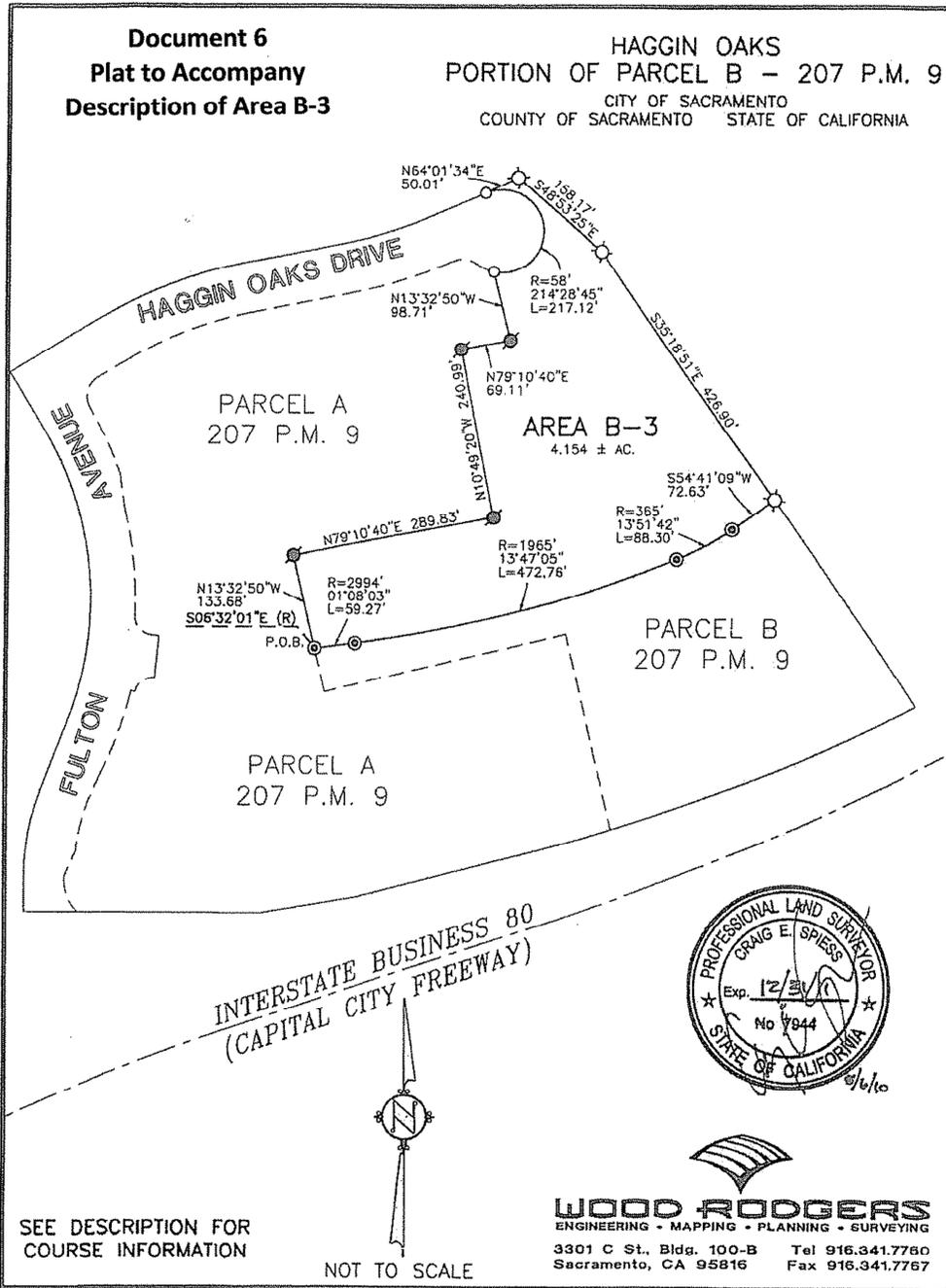
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PREPARED BY WOOD RODGERS, INC.
SACRAMENTO, CALIFORNIA

Document 6
Plat to Accompany
Description of Area B-3

HAGGIN OAKS
PORTION OF PARCEL B - 207 P.M. 9
 CITY OF SACRAMENTO
 COUNTY OF SACRAMENTO STATE OF CALIFORNIA



Document 7

