

**Meeting Date:** 4/17/2014

**Report Type:** Consent

**Report ID:** 2014-00242

**Title: Agreements: Purchase of Parcel for Powerhouse Science Center**

**Location:** District 4

**Recommendation:** Pass a Motion 1) authorizing the City Manager or the City Manager's designee to execute a Purchase and Sales Agreement with Pacific Gas & Electric Company for the acquisition of a 3,485 square foot, unimproved parcel on Jibboom Street for the Powerhouse Science Center Project in an amount not to exceed \$6,000; and 2) authorizing the City Manager or the City Manager's designee to execute a Release Agreement with Pacific Gas & Electric Company in connection with the Purchase and Sale Agreement.

**Contact:** Rachel Hazlewood, Sr. Project Manager, (916) 808-8645, Economic Development Department

**Presenter:** None

**Department:** Economic Development Dept

**Division:** Citywide Development

**Dept ID:** 18001031

**Attachments:**

- 1-Description/Analysis
- 2-Jibboom Street PSA Execution Copy
- 3-Attachment A Parcel Location

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**City Attorney Review**

Approved as to Form  
Michael Sparks  
3/27/2014 2:15:12 PM

**Approvals/Acknowledgements**

Department Director or Designee: Jim Rinehart - 3/25/2014 9:28:11 AM

## Description/Analysis

**Issue Detail:** The Purchase and Sales Agreement (Agreement) with Pacific Gas and Electric Company (PG&E) and the Release Agreement, attached as Exhibit D to the Agreement, are for the acquisition of a land-locked, 3,485 square foot parcel, assessor's parcel number 001-0190-005 (Parcel), at 400 Jibboom Street, the location of the City-owned historic PG&E Power Station B. The Parcel is needed to construct the Powerhouse Science Center Project (Project).

**Policy Considerations:** The purchase of the Parcel is consistent with previous City Council direction regarding the Powerhouse Science Center. The reuse of the former PG&E Power Station B property as a science center is consistent with the 2030 General Plan, the River District Specific Plan, and the Sacramento Riverfront Master Plan. The City will acquire the Parcel in an "as-is" condition and will release PG&E from liability if hazardous substances are present on the Parcel.

**Economic Impacts:** The indicated economic impacts estimates are calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). The total cost of construction for the Powerhouse Science Center project (Phase 1 and Phase 2) is estimated at \$89 million, which is projected to create 418 direct jobs and 240 indirect jobs. Additionally, according to the CSER calculation over \$55 million in direct output and over \$31 million in indirect or induced activities will be generated by the construction project. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

**Environmental Considerations:** The Project is subject to review under the California Environmental Quality Act (CEQA). 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 development of the Powerhouse Science Center Project (Resolution 2010-296). The action implements the Project as considered in the Mitigated Negative Declaration, and no additional environmental review is required.

**Sustainability:** The rehabilitation of the former PG&E building will meet the sustainability goal of reusing underutilized properties.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** In Resolution 2011-361, the City Council approved leasing the City's historic PG&E Power Station B and surrounding property for 55-years to the Powerhouse Science Center, also known as the Discovery Museum, for the relocation and expansion of the Powerhouse Science Center. The Parcel, which had a high voltage electrical transmission tower on it until it was removed by PG&E in 2010, is land locked within the City's property. This small parcel is integral to the Powerhouse Science Center development and will provide a portion of the fire access for emergency vehicles as well as the sloped embankment that accesses the bike trail and Sacramento River (see Attachment A for site map). The City will acquire the Parcel from PG&E and add it to the ground lease with the Powerhouse Science Center.

The City will acquire the Parcel subject to a private covenant and environmental restriction recorded by PG&E (PG&E Covenant). The surrounding City-owned property is subject to the State of California Department of Toxic Substances Control (DTSC) environmental oversight and a DTSC environmental covenant. The City will work with DTSC to bring the Parcel within DTSC oversight and the DTSC

covenant, at which point the PG&E Covenant will terminate. As part of its due diligence and as allowed under the Agreement, the City will conduct environmental testing to identify any contamination on the Parcel during escrow before taking ownership of the Parcel.

**Financial Considerations:** The purchase price for the Parcel is \$1,000. Additionally, a payment of \$5,000 for administrative costs will be paid to PG&E, bringing the total acquisition cost to \$6,000. Sufficient funding is available and will be provided from the Economic Development Department's Fiscal Year 2013/14 operating budget (18001021), from its General Funds (Fund 1001).

**Local Business Enterprise (LBE):** Not applicable at this time.

**PURCHASE AND SALE AGREEMENT**

**Between**

**Pacific Gas and Electric Company, as Seller**

**and**

**The City of Sacramento, as Buyer**

**[Unimproved Property]**

**April 1, 2014**

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**PACIFIC GAS AND ELECTRIC COMPANY  
STANDARD PURCHASE AND SALE AGREEMENT**

**(Unimproved Property)**

THIS PURCHASE AND SALE AGREEMENT ("Agreement"), dated for reference purposes only as of April 1, 2014, is made by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("Seller"), and **THE CITY OF SACRAMENTO**, a California municipal corporation ("Buyer"). Unless otherwise specifically provided herein, all provisions of this Agreement shall be effective as of the date Seller executes this Agreement ("Effective Date"), as set forth below Seller's signature.

**R E C I T A L S:**

A. Seller is the owner of that certain parcel of unimproved real property located in the City of Sacramento ("City"), County of Sacramento ("County") and State of California, identified by the County Assessor as Assessor's Parcel No. 001-0190-005, the State Board of Equalization as SBE No. 135-34-004B-5, and more particularly described in Exhibit A (such real property, together with all easements, rights and privileges appurtenant thereto, is hereinafter referred to collectively as the "Property").

B. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, on the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. PURCHASE AND SALE.

Subject to the terms and conditions contained in this Agreement, Seller shall sell and convey the Property to Buyer, and Buyer shall purchase the Property from Seller, for a purchase price of One Thousand and No/100ths Dollars (\$1,000.00) and an additional Five Thousand and No/100ths Dollars (\$5,000.00) to compensate Seller for administrative costs related to the transaction, at Close of Escrow (as defined in Section 3.3). The total amount of Six Thousand and No/100ths Dollars (\$6,000.00) is referred to in this Agreement as the "Purchase Price."

2. PAYMENT OF PURCHASE PRICE.

Within ten (10) business days after the Effective Date of this Agreement, Buyer shall deposit the Purchase Price in escrow with number 404-9140 with Placer Title Company, 301 University Avenue, Suite 120, Sacramento, California 95825 ("Title Company"). The Purchase Price shall be considered to have been deposited only if the deposit is made by bank wire transfer, certified check or cashier's check payable to the Title Company and drawn by a commercial bank or savings and loan association having a branch in and licensed to do business in the State of California. Buyer's failure to deliver the Purchase Price as required shall entitle Seller, by written notice to Buyer, to terminate this Agreement as of the date of the notice. The Purchase Price plus any accrued interest thereon shall hereinafter be referred as the "Deposit." The Deposit shall earn interest for the benefit of the party entitled to the Deposit under this Agreement. Subject to the provisions of Sections 7 and 9 of this Agreement, the Deposit shall be delivered to Seller at Close of Escrow, and shall be applied to the Purchase Price at Close of Escrow. If this Agreement terminates prior to the Close of Escrow for any reason other than a breach or default by Buyer, the Deposit (less the Independent Consideration (defined below)) shall be returned by the Title

Company to Buyer without the need for further instruction to do so, this Agreement shall be deemed terminated, and Buyer shall have no further obligation to purchase the Property. Notwithstanding any provision to the contrary contained in this Agreement, Seller and Buyer agree that One Hundred Dollars (\$100.00) of the Deposit shall be paid to Seller in all events as consideration for Buyer's right to inspect the Property and for Seller's execution, delivery and performance of this Agreement, the sufficiency of which is acknowledged by Seller ("Independent Consideration"). The Independent Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, applicable to the Purchase Price, and, notwithstanding any other provision of this Agreement, shall be retained by Seller if this Agreement terminates for any reason.

### 3. ESCROW.

3.1 Establishment and Close of Escrow. Within ten (10) business days after the Effective Date of this Agreement, Buyer shall open an escrow ("Escrow") with the Title Company by delivering to the Title Company, the Purchase Price, a fully-executed copy of this Agreement and the Escrow Opening Instructions attached hereto as Exhibit B. The Purchase Price shall be held in Escrow in a federally insured, interest-bearing account. The Close of Escrow shall occur on a date ("Closing Date") designated by Seller upon at least thirty (30) days' prior written notice to Buyer, which date shall be no later than 8:00 a.m. California time, on the date that is sixty (60) days after the expiration of the Inspection Period, provided that all conditions precedent set forth in Section 7 have been satisfied or waived, as more specifically set forth in Section 7. If Close of Escrow has not occurred on or prior to the Closing Date, then either Buyer or Seller may terminate this Agreement and the Escrow by giving written notice of such termination to the other party, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

#### 3.2 Deposits into Escrow.

(a) At or prior to Close of Escrow, Buyer shall deposit or cause to be deposited with the Title Company the following:

- (i) Buyer's share of the fees and charges described in Section 3.4;
- (ii) The amount, if any, payable to Seller pursuant to Section 3.5;
- (iii) Buyer's counterpart of the joint escrow instructions to the Title Company in the form attached hereto as Exhibit C ("Joint Escrow Closing Instructions"), and any other instructions Buyer may deem necessary which are not inconsistent with the terms of this Agreement;
- (iv) The Release Agreement, duly executed by Buyer in the form attached hereto as Exhibit D ("Release Agreement"); and
- (v) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company.

(b) At or prior to Close of Escrow, Seller shall deposit or cause to be deposited with the Title Company the following:

- (i) A grant deed, prepared and duly executed by Seller in recordable form, conveying fee title to the Property to Buyer ("Grant Deed");
- (ii) A Covenant and Environmental Restriction on Property, in the form attached hereto as Exhibit E, duly executed by Seller and in recordable form ("Environmental Restriction");

(iii) Affidavits certifying that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and California Revenue and Taxation Code Section 18662(e) ("Affidavits");

(iv) Seller's counterpart of the Joint Escrow Closing Instructions and any other instructions Seller may deem necessary which are not inconsistent with the terms of this Agreement; and

(v) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company, including an Owner's Affidavit, if required by the Title Company to issue the title insurance policy to Buyer described in Section 4.4, in a form approved by Seller, in Seller's sole and absolute discretion.

3.3 Closing. The "Close of Escrow" means the time that the Grant Deed is recorded in the official records of the County. After all the requirements of Section 3.2 have been satisfied and all conditions precedent set forth in Section 7 have been satisfied or waived, the parties shall instruct the Title Company to close escrow by, among other actions:

(a) Recording the Environmental Restriction and instructing the County Recorder to deliver the Environmental Restriction to Seller after recording;

(b) Recording the Grant Deed and instructing the County Recorder to deliver the Grant Deed to Buyer after recording;

(c) Recording the Release Agreement and instructing the County Recorder to deliver the original Release Agreement to Seller after recording;

(d) Delivering to or for the account of Seller, the Purchase Price paid by Buyer pursuant to Sections 2.1 and 2.2, and the amount, if any, payable to Seller pursuant to Section 3.5;

(e) Delivering to Seller, "as-recorded" conformed copies of the Environmental Restriction, Grant Deed and the Release Agreement; and

(f) Delivering to Buyer, the Affidavits and "as-recorded" conformed copies of the Environmental Restriction, Grant Deed and the Release Agreement, and issuing and delivering to Buyer the title insurance policy described in Section 4.4.

3.4 Costs. Buyer shall pay all transfer taxes and closing costs including the cost of the recording fees for recordation of the Environmental Restriction, Grant Deed and the Release Agreement, any real property conveyance or documentary transfer taxes charged by the County and by the City, if any, with respect to the Grant Deed, escrow fees charged by the Title Company, and the premium and endorsement charges for the policy of title insurance described in Section 4.4. Buyer shall also pay the cost of any ALTA or other survey required by the Title Company in order to issue the policy of title insurance described in Section 4.4.

3.5 Prorations.

(a) Rents and other charges under any leases, utility charges, payments under any maintenance agreements or service contracts (provided such maintenance agreements and/or service contracts are assumed by Buyer), and all other income and expense items related to the Property shall be prorated as of Close of Escrow. The net amount due Seller from Buyer under this Section 3.5(a), if any, shall be delivered by Buyer to the Title Company prior to Close of Escrow. The net amount due Buyer from Seller under this Section 3.5(a), if any, shall be charged to Seller by the Title Company at Close of Escrow. To the extent that the amount of any of the foregoing income and expense items shall not have been determined as of the Close of Escrow, such income and expense items shall be prorated

as soon after the Close of Escrow as such amount can be determined, and Seller shall promptly pay to Buyer, and/or Buyer shall promptly pay to Seller, any amounts required by such prorations.

(b) In addition, all current general and special real estate taxes, bond interest (if applicable), assessments, improvement district assessments and similar items ("Taxes") owed at the time of the Close of Escrow shall be prorated and adjusted between Buyer and Seller as of the Close of Escrow. Taxes shall be taken "subject to" by Buyer with no adjustment to the Purchase Price or escrow retention, provided that the current installment of any Taxes shall be prorated as of Closing. If the amount of any pro-ration cannot be determined at Close of Escrow or if any "escape" assessments are assessed against the Property after the Close of Escrow that relate to the period prior to the Close of Escrow, the adjustments will be made between the parties as soon after Close of Escrow as possible. Any supplemental assessments assessed for any time period after the Close of Escrow (including supplemental City assessments based on the increased value of the Property above the state-assessed value) are Buyer's sole responsibility. **Buyer expressly acknowledges and agrees that Seller, as a regulated public utility, pays Taxes on the Property as assessed by the California State Board of Equalization ("SBE") as of January 1 of each year. Once property is so assessed, Seller automatically is obligated to pay Taxes thereon for the subsequent fiscal year commencing the following July 1. If Close of Escrow occurs between January 1 and June 30, Buyer shall deposit into Escrow, the full amount to pay Taxes for the tax year beginning on the July 1 immediately following the Close of Escrow, in addition to the prorated amount of Taxes for the current tax year (ending June 30). At Closing, Taxes shall be prorated between Seller and Buyer in light of the foregoing, with Seller responsible for all Taxes allocable to the period before Close of Escrow, and Buyer responsible for all Taxes allocable to the period on and after the Close of Escrow.** The Taxes, for pro-ration purposes, shall be based on the actual figures for the applicable fiscal year as provided by Seller, unless Escrow is to close before these figures are available, in which case the pro-ration shall be based on the immediately preceding year's figures. The 365-day year shall be used for pro-ration purposes. If applicable, Seller shall pay the Taxes for the subsequent tax year (and paid by Buyer through Escrow) before they become delinquent; provided, however, that Seller shall have the right to pay such Taxes in installments as permitted by law. Buyer shall cooperate with Seller and the SBE to complete any documentation necessary to transfer the assessment process out of SBE jurisdiction and terminate the assessment of Taxes by the SBE. The obligations of the parties under this Section 3.5 shall survive the Close of Escrow.

3.6 Possession of Property. Seller shall deliver possession of the Property to Buyer upon Close of Escrow.

#### 4. TITLE; TITLE INSURANCE.

4.1 Title. It shall be a condition precedent to Buyer's obligation to purchase the Property that Seller convey title to the Property to Buyer subject only to the following exceptions ("Permitted Encumbrances"):

- (a) The lien of Taxes, not delinquent;
- (b) The Environmental Restriction;
- (c) All matters and exceptions of record approved or deemed approved by Buyer pursuant to Section 4.3 below, and the standard printed exceptions to the form of policy of title insurance described in Section 4.4;
- (d) Any matters affecting title to the Property created by or with the consent of Buyer;
- (e) All matters which would be disclosed by an inspection or survey of the Property; and

(f) Easements and other rights reserved by Seller pursuant to Section 4.2.

At Close of Escrow, Buyer shall take title to the Property subject to the Permitted Encumbrances, and shall not be entitled to any credit against the Purchase Price with respect to any of the Permitted Encumbrances.

4.2 Reserved Easements and Other Third Party Rights. Seller shall be entitled to (i) reserve easements for all existing or proposed utility facilities located, or to be located, on or under the Property, and (ii) transfer the Property to Buyer subject to any unrecorded easements, leases, licenses, permits or rights granted to others by Seller (collectively, "Reserved Easements and Rights"). Within fourteen (14) days following the Effective Date, Seller shall provide information concerning any Reserved Easements and Rights to Buyer. If Buyer objects to any of the Reserved Easements and Rights, Buyer shall provide written notice to Seller specifying the reasons therefor within ten (10) days following Buyer's receipt of such information. The failure of Buyer to object to the Reserved Easements and Rights within such period shall be deemed to be an approval by Buyer of the Reserved Easements and Rights. Seller may, at its sole discretion, elect to remove such objection or otherwise satisfy Buyer with respect thereto prior to Close of Escrow. If Seller elects not to cure such objection, Seller shall so notify Buyer prior to the Close of Escrow, and Buyer shall have the right, upon written notice to Seller given within five (5) days after Seller's notice, to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

4.3 Title Objections. Buyer shall use diligence to obtain from the Title Company a preliminary report for the Property ("Title Report"), together with copies of the instruments underlying any exceptions referred to in the Title Report, within ten (10) days following the Effective Date. If Buyer objects to any of the exceptions to title ("Title Objections"), Buyer shall provide written notice to Seller specifying the reasons therefor within ten (10) days following Buyer's receipt of the Title Report. The failure of Buyer to object within said period shall be deemed to be an approval by Buyer of the condition of title to the Property. Seller may, in its sole discretion, elect to remove the Title Objections, including by the issuance of affirmative endorsements to the title policy, or otherwise satisfy Buyer with respect thereto prior to Close of Escrow. If Seller elects not to so cure the Title Objections, Seller shall so notify Buyer prior to the Close of Escrow, and Buyer shall have the right, upon written notice to Seller given within five (5) days after Seller's notice, to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

4.4 Title Insurance. Upon the Close of Escrow, Buyer shall cause the Title Company to issue to Buyer either an ALTA or CLTA title insurance policy insuring that fee simple title to the Property is vested in Buyer.

5. CONDITION OF PROPERTY.

5.1 AS IS CONDITION. BUYER HAS BEEN STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE PROPERTY, INCLUDING THE LACK OF LEGAL ACCESS, THE PRESENCE OF ANY TRANSMISSION LINES AND/OR TRANSMISSION LINE FACILITIES ON THE PROPERTY (INCLUDING TWO CONCRETE FORMER TOWER FOOTINGS LOCATED BELOW VEGETATION) AND ELECTRIC AND MAGNETIC FIELDS (AS DEFINED IN THE RELEASE AGREEMENT) ASSOCIATED THEREWITH, AND POTENTIAL ENVIRONMENTAL HAZARDS ARISING FROM THE PRESENCE IN, ON, UNDER, AROUND OR ABOUT THE PROPERTY OF HAZARDOUS SUBSTANCES. EXCEPT AS EXPRESSLY HEREINAFTER PROVIDED IN SECTION 6.1, NEITHER SELLER, NOR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AS TO THE PHYSICAL CONDITION OF THE PROPERTY, ACCESS THERETO,

THE USES OF THE PROPERTY OR ANY LIMITATIONS THEREON, INCLUDING ANY REPRESENTATION OR WARRANTY PERTAINING TO ZONING, ENVIRONMENTAL OR OTHER LAWS, REGULATIONS OR GOVERNMENTAL REQUIREMENTS; THE UTILITIES ON THE PROPERTY, THE COSTS OF OPERATING THE PROPERTY OR ANY OTHER ASPECT OF THE ECONOMIC OPERATIONS OF THE PROPERTY; THE CONDITION OF THE SOILS OR GROUNDWATER OF THE PROPERTY; THE PRESENCE OR ABSENCE OF ELECTRIC AND MAGNETIC FIELDS (AS DEFINED IN THE RELEASE AGREEMENT), TOXIC MATERIALS OR HAZARDOUS SUBSTANCES IN, ON, UNDER, AROUND OR ABOUT THE PROPERTY; OR ANY OTHER MATTER BEARING ON THE USE, VALUE OR CONDITION OF THE PROPERTY. SELLER MAKES AND HAS MADE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE CONDITION OF TITLE TO THE PROPERTY, AND BUYER AGREES THAT IT WILL RELY SOLELY ON ITS POLICY OF TITLE INSURANCE ISSUED PURSUANT TO SECTION 4.4.

## 5.2 Right of Inspection.

(a) For a period of sixty (60) days following the Effective Date of this Agreement ("Inspection Period"), subject to the terms and conditions of this Section 5.2, Buyer and Buyer's authorized representatives, may enter onto the Property at any reasonable time and from time to time to (i) survey and inspect the Property and (ii) conduct non-invasive and invasive testing, including soil or groundwater sampling, as described in that certain work plan dated as of July 3, 2013, and updated as of March 19, 2014, prepared by Geocon Consultants, and submitted to and approved by Seller ("Approved Work Plan"). No additional testing beyond what is included in the Approved Work Plan may be conducted on the Property unless and until the testing plans and procedures for the additional testing are approved in writing by Seller, which approval may be withheld, or granted upon such conditions as Seller may determine, in Seller's sole and absolute discretion. If Seller approves of such additional testing, Buyer shall execute whatever additional agreement concerning such testing as Seller shall require. For additional testing beyond the scope of the Approved Work Plan, Buyer shall prepare, at Buyer's sole cost and expense, a work plan that describes in detail the nature, scope, location and purpose of all of Buyer's activities to be performed on the Property, including methods and procedures for restoration of any alteration to Property, and a health and safety plan. In addition, at Buyer's sole cost and expense, Buyer shall comply with all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force. Buyer shall return the Property as nearly as possible to the same condition the Property was in prior to any entry or testing activities.

(b) Buyer shall notify William Somerville, Seller's representative for the Property, ("Seller's Representative"), by telephone at (415) 973-2765 not less than seventy-two (72) hours prior to Buyer or Buyer's representatives entering the Property in each instance. No such entry shall interfere with Seller's use of the Property or the use of the Property by any tenants, easement holders, licensees, permittees or other third parties occupying the Property. Seller shall have the right to have a representative accompany Buyer on each such entry.

(c) At Buyer's sole expense, Buyer shall provide Seller with copies of the results of all analytical tests, photos, geological logs, studies and drafts of any and all reports generated as the result of Buyer's activities that Buyer intends to submit to any governmental authority, agency, department, commission or board that regulates the presence, generation, processing, use, management, treatment, storage, remediation, emission or release of any Hazardous Substances (as defined in the Release Agreement) as soon as they are available. Seller shall have ten (10) business days to comment on any and all such materials submitted to Seller during the Inspection Period. Thereafter, Buyer shall include any and all of Seller's reasonable comments in such reports before such reports are prepared in final form. Buyer shall provide Seller with copies of any and all final reports as soon as they are available. Buyer shall keep such reports confidential as more specifically set forth in Section 5.7.

5.3 Indemnification; Release; Insurance. Buyer shall indemnify, defend (with counsel approved by Seller), and hold Seller, its officers, directors, employees, agents and contractors (collectively, "Indemnitees") harmless from and against any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders,

causes of action (including attorneys' fees and costs), obligations, controversies, debts, expenses, accounts, damages, judgments, and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity, or otherwise (collectively, "Claims") arising out of or in any way connected with Buyer's entry upon the Property, or activities conducted thereon by Buyer, its agents, contractors or employees prior to the Close of Escrow or termination of this Agreement, including Claims arising from the passive or active negligence of the Indemnitees, except that Buyer's obligation to indemnify, defend, and hold harmless Indemnitees does not extend to Claims arising out of or in any way connected with the mere presence (but not any negligent or willful exacerbation) of Hazardous Substances (as defined in the Release Agreement and referred to herein as "Hazardous Substances") on the Property. Buyer's entry upon the Property and activities conducted thereon by or on behalf of Buyer shall be at Buyer's sole risk and expense. **Seller shall not be liable to Buyer for, and Buyer hereby waives and releases Seller and the other Indemnitees from, any and all Claims arising out of or in any way connected to Buyer's entry upon the Property, or activities conducted thereon by Buyer, its agents, contractors or employees prior to the Close of Escrow or termination of this Agreement, including Claims arising from the passive or active negligence of any of the Indemnitees.** Buyer shall, and shall cause Buyer's consultants, contractors and subcontractors to, procure, carry and maintain in effect prior to and throughout the period of time that Buyer shall be entering the Property, insurance covering Buyer's activities acceptable to Seller's insurance department, in a form and with deductibles acceptable to Seller and with such insurance companies as are acceptable to Seller. Buyer is a self-insured public entity and may choose, in its sole discretion, to satisfy the insurance requirements of this Section 5.3 through use of its self-insurance program, in which case Buyer shall provide Seller with a letter of self-insurance from Buyer stating that its self-insurance program adequately protects against liabilities and claims the types of which the insurance required by this Section 5.3 are intended to protect against. The provisions of this Section 5.3 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

5.4 Right to Terminate. If, for any reason, Buyer is not satisfied with the results of its inspection of the Property, Buyer shall have the right to terminate this Agreement by written notice to Seller given no later than ten (10) days after the expiration of the Inspection Period. Buyer's notice of termination shall specify in detail the basis for Buyer's termination of this Agreement. Buyer's failure to terminate this Agreement prior to the expiration of the Inspection Period shall be deemed Buyer's approval of all matters relating to the Property, including the physical condition of the Property, the possible uses of the Property and any limitations thereon. If Buyer elects not to terminate this Agreement as permitted above, (a) Buyer shall have no further right to terminate this Agreement, except in accordance with the provisions of Section 8 or Section 9.2 below (regardless of any changes in the condition of the Property or any facts or circumstances of which Buyer may become aware following the Inspection Period); and (b) in addition to all other claims waived by Buyer hereunder, Buyer shall be deemed to have waived any and all rights or claims against Seller with respect to matters discovered prior to the expiration of the Inspection Period. If Buyer elects to terminate this Agreement as permitted above, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for the obligations that expressly survive the termination of this Agreement.

5.5 Hazardous Substances Disclosure: Electric and Magnetic Fields Disclosure: Buyer's Release.

(a) Seller, at some time during its ownership or use of the Property, may have handled, treated, stored and/or released Hazardous Substances on the Property. Some of these Hazardous Substances may contain chemicals known to the State of California to cause cancer or reproductive toxicity. Seller agrees to provide Buyer with copies of certain environmental reports relating to the Property ("Environmental Reports"), and Buyer may utilize the Environmental Reports in its due diligence review; provided, however, Buyer acknowledges and agrees that (a) Seller makes absolutely no representations or warranties as to the accuracy or completeness of any information contained in the Environmental Reports or the methods upon which said information was obtained by the issuers of the Environmental Reports, (b) Buyer will not rely in any manner upon the information contained in the Environmental Reports and (c) neither Seller nor the issuer of any of the Environmental Reports shall have liability whatsoever to Buyer for any false, inaccurate or misleading matters or information, if any,

contained in the Environmental Reports. Buyer has been strongly advised to investigate the existence of (i) Hazardous Substances, and (ii) Electric and Magnetic Fields (as defined in the Release Agreement), on, under, about or otherwise affecting the Property. Buyer further acknowledges that Seller shall not in any manner be responsible to Buyer for the presence of any Electric and Magnetic Fields or Hazardous Substances on, under, about or otherwise affecting the Property, and further, as a material inducement to Seller for the sale of the Property to Buyer, Buyer agrees to execute and deliver the Release Agreement to Seller at or prior to Close of Escrow. The Release Agreement sets forth the agreement of the parties with regard to Buyer's release of Seller with regard to both Hazardous Substances and Electric and Magnetic Fields.

(b) In addition, Buyer acknowledges that, prior to Buyer's purchase of the Property, Seller shall record the Environmental Restriction, which will limit the future use of the Property as more specifically set forth therein.

5.6 Natural Hazard Disclosures. Seller is, or may be, required under California law to disclose if the Property lies within the following natural hazard areas or zones: (a) a special flood hazard area designated by the Federal Emergency Management Agency (Government Code Section 8589.3); (b) an area of potential flooding shown on a dam failure inundation map (Government Code Section 8589.4); (c) a very high fire hazard severity zone ("Fire Hazard Severity Zone") (Government Code Section 51183.5); (d) a wildland area that may contain substantial forest fire risks and hazards ("Wildland Fire Zone") (Public Resources Code Section 4136); (e) an earthquake fault zone (Public Resources Code Section 2621.9); or (f) a seismic hazard zone (Public Resources Code Section 2694). Buyer acknowledges and understands that: (i) if the Property is located in a Fire Hazard Severity Zone, the owner is subject to the maintenance requirements of Government Code Section 51182; and (ii) if the Property is located in a Wildland Fire Zone, it is subject to the maintenance requirements of Public Resources Code Section 4291, and it is not the State of California's responsibility to provide fire protection services to any building or structure located within a Wildland Fire Zone unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Public Resources Code Section 4142. In addition, if the Property is situated in one or more of the hazard zones described above, Buyer's ability to develop the Property, obtain insurance, or receive assistance after a disaster may be limited. Buyer further acknowledges that the maps on which the natural hazard disclosures are based only estimate where natural hazards exist, and are not definitive indicators of whether or not a property will be affected by a natural disaster. Seller has employed the services of JCP-LGS (which, in such capacity is herein called "Natural Hazards Expert") to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling Seller to fulfill the foregoing disclosure obligations. Seller has provided to Buyer a copy of the Natural Hazards Disclosure Report ("Natural Hazards Report") prepared by the Natural Hazards Expert dated as of October 8, 2012. Buyer acknowledges that the Natural Hazards Report deals with matters within the scope of the Natural Hazards Expert's professional license or expertise, and neither Seller nor Seller's Broker shall be liable for any error, inaccuracy or omission of any information relating to natural hazards disclosures not within its personal knowledge. Except as expressly provided herein, Seller is making and has made no representations regarding the seismic, geologic or other natural hazards affecting the Property, or the effect thereof on the future use or development of the Property, and Buyer should make its own inquiry and investigation of such hazards. Further, Buyer hereby waives, to the fullest extent permitted by law, any other disclosure requirements relating to natural hazards imposed on Seller by California law.

5.7 Confidentiality. Seller acknowledges that Buyer is a local governmental entity subject to the Ralph M. Brown Act (Gov. Code, §54950 et seq.) (the "Brown Act") and the California Public Records Act (Gov. Code, §6250 et seq.) (the "Public Records Act"). Until Close of Escrow, unless disclosure is otherwise required under this Agreement or under applicable law, Buyer shall keep and shall cause Buyer's agents, consultants and employees to keep confidential all tests, reports, documents, analyses, and opinions obtained by Buyer with respect to the Property, including any information provided by Seller or received or prepared by Buyer in Buyer's independent factual, physical and legal examinations and inquiries respecting the Property (collectively, "Confidential Information"), except that Buyer may disclose the same to its legal counsel and consultants if Buyer obtains the agreement in writing of such

legal counsel and consultants to keep the Confidential Information confidential (except that no written agreement is necessary for disclosure of Confidential Information to Buyer's in-house legal counsel). Until Close of Escrow, unless disclosure is otherwise required under this Agreement or under applicable law, neither the contents nor the results of any Confidential Information shall be disclosed by Buyer, its agents, consultants and employees without Seller's prior written approval, which Seller may grant or withhold at Seller's sole and absolute discretion.

5.8 Buyer's Release of Seller. Effective as of the Close of Escrow, Buyer hereby waives, releases and forever discharges Seller and the other Indemnitees from any and all Claims that Buyer may have at the Close of Escrow or that may arise in the future on account of or in any way arising out of or connected with the Property, including, but not limited to, the physical condition, nature or quality of the Property or the ownership, management or operation of the Property, except as set forth in Section 6.1 below. Buyer hereby waives the protection of California Civil Code Section 1542, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Buyer's Initials: \_\_\_\_\_

5.9 Survival. The covenants, agreements and obligations of Buyer contained in this Section 5 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

## 6. REPRESENTATIONS AND WARRANTIES.

6.1 Seller's Representations. Seller hereby represents and warrants to Buyer to Seller's actual knowledge, as defined below in this Section 6.1, as follows:

(a) Seller has full right, power and authority to enter into this Agreement and to sell, convey and transfer the Property and all rights appurtenant thereto to Buyer. All corporate action on the part of Seller necessary for the valid authorization, execution, and delivery of this Agreement, and the consummation of the transactions contemplated hereby has been taken, or at or prior to Close of Escrow will have been taken.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or constitute a default under any of the terms, conditions or provisions of any other agreement to which Seller is a party or by which Seller is bound, and will not violate any provision of, or require any consent, authorization or approval under, any applicable law, regulation, or order.

(c) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit F, Seller has received no written notice from any governmental agency or private person during the six (6) month period preceding the Effective Date that the condition, use or operation of the Property violates any law or any order or requirement of any governmental agency that could materially and adversely affect the operation or value of the Property (other than violations which have been cured).

(d) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit F, Seller has received no written notice of any pending or threatened lawsuits of any kind against Seller that could materially and adversely affect the operation or value of the Property or prohibit the sale thereof.

(e) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit F, Seller has received no written notice of any pending, threatened or contemplated condemnation proceedings affecting the Property or any part thereof.

Seller's "actual knowledge" as used in this Section 6.1 or elsewhere in this Agreement shall mean the actual knowledge of, or receipt of written notice by, Seller's Representative, as of the Effective Date, without any duty of inquiry. Buyer acknowledges and agrees that Seller may have records or files not in the possession of Seller's Representative, which may include information concerning the Property. Buyer understands that Seller will not undertake to determine whether any of such other files and/or records contain information concerning the Property, and Seller will not make such other files and records available to Buyer for its review. Buyer further acknowledges and agrees that Seller and its affiliates have gone through numerous management changes and personnel changes over the years, and the employees who currently manage the Property may have little or no knowledge of the location or contents of the files and records relating to the Property. In light of the voluminous files and records of Seller, and the uncertainty of the location or content of such files, Buyer acknowledges and agrees that Buyer will, except for the limited representations and warranties contained in this Section 6.1, rely solely on its own investigations in making its decision to acquire the Property.

6.2 Buyer's Representations. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material, is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder) and shall fully survive the Close of Escrow:

(a) If Buyer is an entity, Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Buyer have the full right and authority to execute this Agreement on behalf of Buyer and to bind Buyer without the consent or approval of any other person or entity. This Agreement and all documents executed by Buyer which are to be delivered to Seller upon Close of Escrow are, or at the time of Close of Escrow will be, (i) duly authorized, properly executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer enforceable in accordance with their terms at the time of Close of Escrow, and (iii) not in violation of any agreement or judicial order to which Buyer is a party or to which it is subject.

(b) Buyer is an experienced real property operator, and is represented or has had an opportunity to be represented by counsel in connection with this transaction. Except for the express representations and warranties of Seller contained in Section 6.1 above, Buyer specifically acknowledges that it is acquiring the Property "AS IS, WHERE IS, WITH ALL FAULTS", without any representations or warranties of Seller, express or implied, written or oral, as to the nature or condition of title to the Property, the physical condition of the Property, the uses of the Property or any limitations thereon. Buyer is relying solely upon, and, as of the expiration of the Inspection Period will have conducted, its own analysis of the Property as it deems necessary or appropriate in acquiring the Property from Seller (including an analysis of any and all matters concerning the physical or environmental condition, condition of title, use, development or suitability for development of the Property). Buyer is not relying in any way upon any representations, statements, agreements, warranties, studies, plans, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any of the foregoing matters.

(c) Buyer is not, and at no time during the term of this Agreement will be: (a) in violation of any Anti-Terrorism Law (defined below); (b) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 (defined below); or (d) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law. Neither Buyer nor any of its Affiliates, officers, directors, shareholders, partners or members is, or at any time during the term of this Agreement will be, a Prohibited Person. As used herein, "Anti-Terrorism Law" means any law or regulation relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224,

and Title 3 of the USA Patriot Act (defined below), and any regulations promulgated under any of them, each as may be amended from time to time. As used herein, "Executive Order No. 13224" means Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as may be amended from time to time. As used herein, "Prohibited Person" means (1) a person or entity that is listed in, or owned or controlled by a person or entity that is listed in, the Annex to Executive Order No. 13224; (2) a person or entity with whom Seller is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (3) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf>, or at any replacement website or other official publication of such list. As used herein, "USA Patriot Act" means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56). As used herein, "Affiliate" means, with respect to any party, a person or entity that controls, is under common control with, or is controlled by such party.

(d) The representations and warranties of Buyer set forth in this Agreement shall be true on and as of the Close of Escrow as if those representations and warranties were made on and as of such time.

## 7. CONDITIONS PRECEDENT.

7.1 Conditions to Buyer's Obligations. Buyer's obligation to purchase the Property is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) The Title Company shall be prepared to issue at Close of Escrow the title insurance policy described in Section 4.4 upon payment of its regularly scheduled premium therefor; and

(b) Seller shall have performed each and every covenant contained in this Agreement to be performed by Seller at or prior to Close of Escrow.

7.2 Conditions to Seller's Obligations. Seller's obligation under this Agreement to sell the Property to Buyer is subject Buyer's timely performance of each and every covenant contained in this Agreement to be performed by Buyer.

### 7.3 Omitted Intentionally.

7.4 Subdivision Map Act Compliance. At Close of Escrow, the Property must comply with the California Subdivision Map Act ("Map Act") (Government Code Section 66410, et seq.) ("Map Act Compliance"). During the period that Seller has owned the Property, certain exemptions to the Map Act may apply due to Seller's status as a public utility. Said exemptions will not apply to Buyer, unless Buyer is also a public utility. The obligation of each party to close the sale of the Property shall be conditioned upon confirming Map Act Compliance or obtaining such Map Act Compliance prior to the Close of Escrow, which compliance shall be determined by Seller, in Seller's sole and absolute discretion. Buyer, at Buyer's expense, shall take all actions necessary to obtain Map Act Compliance to Seller's satisfaction, including obtaining a Certificate of Compliance, or obtaining the approval of and filing of a lot line adjustment, final subdivision map or parcel map, as applicable. Buyer shall consult with Seller regarding Buyer's proposed means to achieve Map Act Compliance and shall keep Seller reasonably apprised of the status of its efforts to achieve Map Act Compliance. Buyer acknowledges and agrees that Seller makes no representation or warranty with respect to Map Act Compliance, and Buyer hereby waives all claims against Seller that may arise out of losses, expenses or damages suffered or incurred by Buyer as a result of the need for Map Act Compliance, or the failure to obtain Map Act Compliance.

### 7.5 Termination of Agreement for Failure of Conditions.

(a) Failure of Buyer's Conditions. If any one or more of the conditions to Buyer's obligations, as set forth in Section 7.1 or elsewhere in this Agreement, is not either fully

performed, satisfied or waived in writing on or before the Closing Date, then Buyer may elect, by written notice to Seller, to terminate this Agreement and the Escrow, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate.

(b) Failure of Seller's Conditions. If any one or more of the conditions to Seller's obligations, as set forth in Section 7.2 or elsewhere in this Agreement, is not either fully performed, satisfied or waived in writing on or before the Closing Date, then Seller may elect, by written notice to Buyer, to terminate this Agreement and the Escrow, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate. Nothing in this paragraph shall be construed to limit Seller's rights under Section 9.1 in the event of a default by Buyer.

(c) Subdivision Map Act Compliance. The condition set forth in Section 7.4 may not be waived by either party. If Seller notifies Buyer prior to the Closing Date that Seller has not confirmed Map Act Compliance or determined that conveyance of the Property to Buyer as contemplated in this Agreement is exempt from the Map Act, then this Agreement and the Escrow shall automatically terminate as of the date of such notice, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate, except for obligations that expressly survive the termination of this Agreement.

## 8. CONDEMNATION.

8.1 Condemnation by Non-Buyer Entity. In the event of any taking of the Property or any portion thereof or interest therein in eminent domain proceedings instituted by a governmental entity other than Buyer (a "Non-Buyer Entity"), or under threat of condemnation by a Non-Buyer Entity prior to the Closing, of more than fifty percent (50%) of the land area of the Property, Buyer shall have the right to terminate this Agreement and recover all amounts paid on account of the Purchase Price, less the Independent Consideration, by giving to Seller written notice of termination within five (5) days following the date of such taking. In the event that Buyer shall not elect to terminate the Agreement as aforesaid, Buyer shall remain obligated to perform its obligations under this Agreement, and Seller shall assign to Buyer at Close of Escrow the portion of any condemnation award attributable to Seller's interest in the Property. For the purposes of this Section 8.1, a taking in condemnation shall mean the taking of possession or the vesting of fee title to the Property in a Non-Buyer Entity pursuant to the exercise of the power of eminent domain or pursuant to a deed given in lieu or in contemplation thereof.

8.2 Condemnation by Buyer Entity. In the event Buyer institutes eminent domain proceedings with respect to all or a portion of the Property, then, immediately upon the filing of any such proceedings, to the extent permitted by law: (i) all conditions to Buyer's obligation to purchase the Property under this Agreement shall be deemed waived by Buyer, and (ii) Buyer's obligation to purchase the Property on the terms set forth in this Agreement shall be absolute and unconditional. Seller and Buyer acknowledge and agree that in no event shall just compensation for the Property in any eminent domain action filed by a Buyer Entity be less than the Purchase Price. In the event a Buyer Entity institutes eminent domain proceedings with respect to all or a portion of the Property prior to termination of this Agreement, Seller shall not raise as a basis for dismissal of those proceedings the fact that this Agreement is in existence and has not been terminated. This Section 8.2 shall not apply to any taking in condemnation (as defined in Section 8.1 above) that occurs after termination of this Agreement, including, without limitation, termination on account of a default by Buyer.

## 9. DEFAULT.

### 9.1 Buyer's Default.

(a) IF THE SALE OF THE PROPERTY TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY BUYER, SELLER MAY

UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING WRITTEN NOTICE TO BUYER AND THE TITLE COMPANY. THEREUPON, SELLER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES. IN ADDITION, TITLE COMPANY SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER. SELLER'S RETENTION OF THE DEPOSIT IS NOT INTENDED AS A FORFEITURE OR A PENALTY, BUT IS INTENDED TO COMPENSATE SELLER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY BUYER, INCLUDING DAMAGES RESULTING FROM THE REMOVAL OF THE PROPERTY FROM THE MARKET, THE LOSS OF BUSINESS AND DEVELOPMENT OPPORTUNITIES AND THE LOSS OF PROSPECTIVE INVESTMENT IN OTHER PROPERTY. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF SELLER'S ACTUAL DAMAGES AS A RESULT OF BUYER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

(b) NOTHING CONTAINED IN THIS SECTION 9.1 SHALL SERVE TO WAIVE OR OTHERWISE LIMIT (1) SELLER'S REMEDIES OR DAMAGES FOR CLAIMS WITH RESPECT TO ANY OBLIGATIONS OF BUYER THAT, BY THE TERMS OF THIS AGREEMENT, SURVIVE THE CLOSE OF ESCROW OR ANY TERMINATION OF THIS AGREEMENT BEFORE THE CLOSE OF ESCROW, INCLUDING BUYER'S CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.7 AND 11.1, AND INDEMNIFICATION OBLIGATIONS UNDER SECTION 5.3 AND SECTION 10.2, OR (2) SELLER'S RIGHTS TO OBTAIN FROM BUYER ALL COSTS AND EXPENSES OF ENFORCING THE LIQUIDATED DAMAGE PROVISION CONTAINED IN SECTION 9.1(a) ABOVE.

(c) THE PARTIES AGREE THAT SELLER WOULD SUFFER MATERIAL INJURY OR DAMAGE NOT COMPENSABLE BY THE PAYMENT OF MONEY IF BUYER WERE TO BREACH OR VIOLATE ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.7 AND 11.11 OF THIS AGREEMENT. ACCORDINGLY, NOTWITHSTANDING THE PROVISIONS OF SECTION 9.1(a) ABOVE, IN ADDITION TO ALL OTHER REMEDIES THAT SELLER MAY HAVE, SELLER MAY BRING AN ACTION IN EQUITY OR OTHERWISE FOR SPECIFIC PERFORMANCE TO ENFORCE COMPLIANCE WITH SUCH SECTIONS, OR AN INJUNCTION TO ENJOIN THE CONTINUANCE OF ANY SUCH BREACH OR VIOLATION THEREOF.

ACKNOWLEDGMENT AS TO ACCEPTANCE OF THE IMMEDIATELY PRECEDING LIQUIDATED DAMAGES PROVISION:

**Buyer:** THE CITY OF SACRAMENTO

**Seller:** PACIFIC GAS AND ELECTRIC COMPANY

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

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

Desmond A. Bell

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

9.2 Seller's Default. If the sale of the Property under this Agreement does not close because of a default by Seller, Buyer shall have, at its option and as its sole remedies, the following:

(a) The right to pursue specific performance of this Agreement, provided that Buyer waives in writing any right it may have to bring an action for, or assert, any damages against Seller for such default of Seller. In no event shall Buyer be entitled to any damages as a result of a default by Seller under this Agreement.

(b) As an alternative to the remedy provided in Section 9.2(a), the right to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the

Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

9.3 Failure of Conditions. If, prior to the Close of Escrow, Seller discloses to Buyer or Buyer otherwise discovers that (a) title to the Property is subject to defects, limitations or encumbrances other than as shown on the Title Report, or (b) Seller failed to make any material disclosures to Buyer regarding the Property, or (c) any representation or warranty of Seller contained in this Agreement is, or as of the Closing Date will be, untrue, (collectively, "Disclosure Defects") then Seller shall bear no liability for such Disclosure Defects, and Buyer shall, not more than ten (10) business days after Buyer's representative, Rachel Hazlewood, has actual knowledge of the existence of a Disclosure Defect, give Seller written notice of its objection thereto, which objection shall be in writing and shall specifically delineate the reasons therefor. If Buyer fails to furnish Seller with such an objection notice before the expiration of said ten (10) business day period, Buyer shall be deemed to have irrevocably waived any right to object to the Disclosure Defect, and this Agreement shall continue in full force and effect. However, if Buyer furnishes Seller with such an objection notice before the expiration of said ten (10) business day period, Seller may elect by notice to Buyer either (i) to attempt to cure or otherwise remedy Buyer's objection (in which event, Seller may postpone the Close of Escrow for up to thirty (30) days to effect said cure) or (ii) not to cure or otherwise remedy Buyer's objection. Buyer acknowledges and agrees that Seller shall have no obligation to cure any objection. If Seller is unable or unwilling to cure Buyer's objection within ten (10) days after notice thereof from Seller ("Seller's Cure Period"), then Buyer, as Buyer's sole remedy, shall elect to either (a) waive the Disclosure Defect and complete the purchase of the Property in accordance with the terms of this Agreement or (b) terminate this Agreement by giving written notice to Seller within ten (10) days after Seller's Cure Period, and, provided that Buyer shall not be in default hereunder, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement. If Buyer fails to give Seller Buyer's written notice to terminate within ten (10) days after Seller's Cure Period, then Buyer shall be deemed to have elected to waive such Disclosure Defect and Buyer's right to terminate this Agreement pursuant to this Section 9.3. Notwithstanding anything to the contrary in this Agreement, Buyer's consent to the Close of Escrow in this transaction shall conclusively demonstrate Buyer's waiver of any Disclosure Defects known to Buyer prior to the Close of Escrow, and Buyer shall not be entitled to make any claim or bring any action for damages against Seller arising out of any Disclosure Defects.

## 10. BROKERS.

10.1 Seller. Seller hereby represents and warrants to Buyer that Seller has incurred no obligation to any finder or real estate broker or salesperson with respect to this transaction, and in the event that any contrary claim is made, Seller shall indemnify, defend and hold Buyer harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such additional finder, broker or salesperson. The representations, warranties and covenants of Seller contained in this Section 10.1 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

10.2 Buyer. Buyer hereby represents and warrants to Seller that Buyer has not incurred any obligation to any finder or real estate broker or salesperson with respect to this transaction, and in the event that any contrary claim is made, Buyer shall indemnify, defend and hold Seller harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such finder, broker or salesperson. The representations, warranties and covenants of Buyer contained in this Section 10.2 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

11. MISCELLANEOUS.

11.1 Operation of the Property Prior to the Close of Escrow. During the period from the date of Seller's execution of this Agreement to the Close of Escrow, Seller shall maintain the Property in the condition in which it exists as of the Effective Date, normal wear and tear excepted, and otherwise act with respect to the Property in accordance with its pre-existing practices, as if the Property were not to be sold to Buyer. In addition, Seller agrees during such interim period not to enter into any lease, management agreement or maintenance or service contract, or to alter or amend any of the material terms of any such existing agreements that will be binding on Buyer, without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed.

11.2 Survival. The representations and warranties of Seller contained in this Agreement shall survive the Close of Escrow and continue for a period of six (6) months thereafter and shall thereupon expire and be of no further force and effect. Any claim for breach of any such representations and warranties must be made in writing within such six (6) month period or shall be waived. Notwithstanding the foregoing two sentences, discovery by Buyer of any Disclosure Defects prior to the Close of Escrow shall be exclusively governed by Section 9.3 above. The waivers of claims or rights, the releases and the obligations of Buyer under this Agreement to indemnify, protect, defend and hold harmless Seller and other Indemnitees shall survive the expiration or earlier termination of this Agreement or the Close of Escrow, and so shall all other obligations or agreements of Seller and Buyer which by their nature or by their terms survive.

11.3 Time of Essence. Time is of the essence of this Agreement and each and every provision hereof.

11.4 Submission of Agreement. Submission of this document for examination or signature by Buyer does not constitute an option or offer to sell the Property to Buyer. This document is not effective as a purchase and sale agreement or otherwise until executed and delivered by both Seller and Buyer.

11.5 Binding Effect; Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, successors and assigns of the parties hereto. Notwithstanding the foregoing, Buyer shall have no right to assign its rights and obligations under this Agreement unless (a) Buyer shall obtain the prior written consent of Seller to such assignment, which consent shall not be unreasonably withheld, (b) Buyer shall not then be in default of any of its obligations under this Agreement, (c) Seller shall have approved the form of assignment, (d) the assignee shall have expressly assumed all of the obligations of Buyer under this Agreement, (e) Buyer shall furnish Seller with evidence acceptable to Seller that the proposed assignee possesses the financial ability to perform Buyer's obligations contemplated by this Agreement, and (f) Buyer shall continue to be primarily liable under this Agreement; provided, however, that Buyer may freely assign its rights and obligations under this Agreement to any parent company, subsidiary or affiliate of Buyer, or to any partnership or other entity to be formed by Buyer for the purpose of acquiring the Property, provided that Buyer shall not be released of its obligations under this Agreement. Buyer agrees to reimburse Seller, within thirty (30) days after demand, for all costs and expenses (including attorneys' fees and costs) incurred by Seller in connection with any assignment of Buyer's interest in this Agreement, whether or not Seller's consent to such assignment is required or obtained, including all costs and expenses (including attorneys' fees and costs) incurred to amend any pending application for approval(s) described in Section 7 above as a result of such assignment. Buyer acknowledges that fees attributable to the work of Seller's in-house attorneys are reimbursable under the preceding sentence, and that such fees shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by Seller's Law Department. Buyer acknowledges and agrees that Seller shall have the right to assign or otherwise convey its rights and/or obligations under this Agreement and/or with respect to the Property without the consent of Buyer, provided that Seller provides written notice of such assignment or conveyance, and the assignee assumes the remaining obligations of Seller under this Agreement. Said assignee shall be substituted as Seller hereunder and shall be entitled to the benefit of and may enforce

Buyer's covenants, representations and warranties hereunder as if such assignee were the original Seller hereunder.

11.6 Severability. If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end the provisions of this Agreement are intended to be and shall be severable; provided, however, if such unenforceability or invalidity alters the substance of this Agreement (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Agreement by notice to the other party within thirty (30) days after the final determination. If such party so elects to terminate this Agreement, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

11.7 Governing Laws. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

11.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.9 Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

If to Seller:

If by registered or certified mail, return receipt requested:

Manager, Corporate Real Estate  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N15G  
San Francisco, CA 94177

With a copy to:

Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120  
Attn: Senior Director and Lead Counsel, Corporate and  
Commercial Group (Real Estate)

If by personal delivery or overnight courier:

Manager, Corporate Real Estate  
Pacific Gas and Electric Company  
245 Market Street, Room 1553B  
San Francisco, CA 94105

With a copy to:

Law Department  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B30A  
San Francisco, CA 94105  
Attn: Senior Director and Lead Counsel, Corporate and  
Commercial Group (Real Estate)

If to Buyer:

City of Sacramento  
Economic Development Department  
915 I Street, 3rd Floor  
Sacramento, CA 95814  
Attn: Rachel Hazlewood

With a copy to:

City of Sacramento  
DGS Real Estate  
5730 24th Street, Bldg 4  
Sacramento, CA 95822  
Attn: Bill Sinclair

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this Section.

11.10 Intentionally Omitted.

11.11 Confidentiality; No Recorded Memorandum; No Publicity.

(a) Prior to Close of Escrow, Buyer shall not disclose the terms of this Agreement to any third party without the prior written consent of Seller, unless the disclosure is required by law, e.g., the Brown Act or the Public Records Act, or requested by any governmental or quasi-governmental authority (including the California Public Utilities Commission and the Federal Energy Regulatory Commission). It is understood that the confidentiality of the terms hereof is critical to preserve the financial integrity of the Property.

(b) Buyer shall not record this Agreement or any short form memorandum of this Agreement.

(c) Prior to the Close of Escrow, the parties agree to coordinate all communication relating to this transaction. Seller shall not issue any news releases, respond to any media inquiries, or otherwise make any statements, even in an "off the record" conversation, regarding this transaction. This prohibition includes making posts on internet and intranet site(s). All communication about this transaction, both verbal and in writing, must be approved in advance in writing by Buyer or be presented in a manner that is consistent with communications prepared by Buyer.

11.12 Limitation on Liability. Buyer expressly agrees that the obligations and liabilities of Seller under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives of Seller. Seller's liability, if any, arising in connection with this Agreement or with the Property shall be limited to Seller's interest in the Property, or to the sales proceeds from the Property subsequent to the Close of Escrow, for the recovery of any judgment against Seller, and

Seller's liability shall not extend to any other property or assets of Seller. The limitations of liability contained in this Section shall apply equally and inure to the benefit of Seller's present and future officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives, and their respective heirs, successors and assigns.

11.13 Required Actions of Buyer and Seller. Buyer and Seller agree to take such reasonable actions, including acknowledging, delivering or executing instruments and documents, as may be required to effectuate the purposes of this Agreement or to close the purchase and sale of the Property as contemplated herein, except that Seller shall be obligated to provide an Owner's Affidavit only in a form acceptable to Seller, in Seller's sole and absolute discretion.

11.14 Back-Up Offers. Seller shall have the right to solicit, receive, consider and accept so-called "back-up" offers to purchase the Property.

11.15 Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Agreement as Buyer, the liability of each such individual, corporation, partnership or other business association to perform Buyer's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Buyer shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

11.16 Captions. Captions to the paragraphs and sections in this Agreement are included for convenience only and do not modify any of the terms of this Agreement.

11.17 Interpretation. This Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to define or interpret any provision hereof. Unless the context clearly requires otherwise, (i) the plural and singular shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated; and (vi) "days" means calendar days, except if the last day for performance occurs on a Saturday, Sunday, or any legal holiday, then the next succeeding business day shall be the last day for performance.

11.18 Mandatory Negotiation and Mediation.

(a) Except as provided in this Section, Seller and Buyer agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Buyer and Seller agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Buyer and Seller fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Sacramento, California, pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days after the Mediation Notice, the parties agree that either party may request that JAMS in Sacramento, California, facilitate the choice of mediator by applying the

"strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in JAMS's fees; the parties shall bear their own costs and attorneys' fees incurred in connection with the mediation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as provided in Section 11.18(b), neither party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section.

(b) Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 11.18(a). In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

(c) The provisions of this Section 11.18 may be enforced by any court of competent jurisdiction. The covenants of Seller and Buyer contained in this Section 11.18 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

(d) The provisions of this Section 11.18 are binding only if the parties enter into a written agreement signed by both parties that tolls the statute of limitations with respect to any lawsuit based on a claim or dispute arising out of or relating to this Agreement.

**Buyer:** THE CITY OF SACRAMENTO

**Seller:** PACIFIC GAS AND ELECTRIC COMPANY

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

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

Desmond A. Bell

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

11.19 Exhibits. The following Exhibits are attached hereto and incorporated by reference into this Agreement:

- Exhibit A - Legal Description of Property
- Exhibit B - Escrow Opening Instructions
- Exhibit C - Joint Escrow Closing Instructions
- Exhibit D - Release Agreement
- Exhibit E - Environmental Restriction
- Exhibit F - Disclosure Exhibit

11.20 Entire Agreement; Amendment. This Agreement and the exhibits hereto contain the entire understanding of the parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter. Seller's or Buyer's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Buyer and Seller.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

By: \_\_\_\_\_  
Desmond A. Bell  
Senior Vice President, Safety and Shared Services

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

BUYER:

THE CITY OF SACRAMENTO,  
a municipal corporation

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

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

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

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

**NOTE:** BUYER AND SELLER ARE TO SPECIFICALLY ACKNOWLEDGE THEIR AGREEMENT WITH SECTION 9.1 AND 11.18 HEREOF BY PLACING THEIR SIGNATURES WHERE INDICATED BELOW SUCH SECTION.

EXHIBIT A

**LEGAL DESCRIPTION OF PROPERTY**

All that certain real property situated, lying and being in the County of Sacramento, State of California, described as follows:

Order No. 404-9140  
UPDATE  
Version 3

**EXHIBIT "A"  
LEGAL DESCRIPTION**

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, CITY OF SACRAMENTO, AND IS DESCRIBED AS FOLLOWS:

**ALL THAT PORTION OF THAT CERTAIN 4.08 ACRE PARCEL OF LAND DESCRIBED IN THAT CERTAIN DEED DATED AUGUST 15, 1910, EXECUTED BY A. C. MCDAVID, ET UX TO PACIFIC GAS AND ELECTRIC COMPANY, RECORDED AUGUST 20, 1910, IN BOOK 317 OF DEEDS, PAGE 295, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:**

**BEGINNING AT A POINT IN THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL OF LAND FROM WHICH THE 3/4 INCH STEEL DRILL BID BIT IN CONCRETE MARKING THE NORTHEAST CORNER OF SAID 4.08 ACRE PARCEL OF LAND BEARS NORTH 87 ° 04 ' EAST 590.5 FEET DISTANT AND RUNNING THENCE SOUTH 87 ° 04 ' WEST, ALONG THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL, 67.0 FEET; THENCE SOUTH 2 ° 56 ' EAST 50.0 FEET; THENCE NORTH 87 ° 04 ' EAST, PARALLEL WITH THE THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL OF LAND, 67.0 FEET; THENCE NORTH 2 ° 56 ' WEST 50.0 FEET TO THE POINT OF BEGINNING. BEING A PORTION OF SWAMP AND OVERFLOWED LANDS SURVEY NO. 926.**

**A.P.N. 001-0190-005**

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The foregoing legal description of the Property may be subject to errors and omissions. The legal description of the Property shall be confirmed by the title insurer prior to conveyance of the Property to buyer. Any prospective buyer should make its own independent investigation to verify the accuracy of the legal description.

EXHIBIT B

**ESCROW OPENING INSTRUCTIONS**

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

Placer Title Company  
301 University Avenue, Suite 120  
Sacramento, CA 95825  
Attention: Jenny Vega

Re: Escrow No. 404-9140  
PG&E's Jibboom Street Property,  
Sacramento County, California

Ladies and Gentlemen:

The City of Sacramento, as Buyer under that certain Pacific Gas and Electric Company Standard Purchase and Sale Agreement ("Purchase Agreement") dated as of April 1, 2014 by and between The City of Sacramento, as Buyer, and Pacific Gas and Electric Company, as Seller, delivers to you herewith (a) three (3) fully executed originals of these Escrow Opening Instructions, (b) a copy of the fully executed Purchase Agreement and (c) a wire transfer/its check in the amount of Six Thousand and No/100ths Dollars (\$6,000.00) ("Purchase Price"), which consists of the purchase price of One Thousand and No/100ths Dollars (\$1,000.00), and Five Thousand and No/100ths Dollars (\$5,000) to compensate Seller for administrative costs related to the transaction, to open escrow for the purchase of the following property: PG&E's Jibboom Street Property, Sacramento County, California ("Property"). Please note the following information regarding the proposed sale of the Property:

1. The Assessor's Parcel No. is 001-0190-005 and the SBE Number is 135-34-004B-5.
2. Seller is Pacific Gas and Electric Company, P.O. Box 770000, Mail Code N15G, San Francisco, California 94177, Attention: Bill Somerville.
3. Buyer is the City of Sacramento, Economic Development Department, 915 I Street, 3rd Floor, Sacramento, California 95814, Attention: Rachel Hazlewood.
4. The Purchase Price of the Property is Six Thousand and No/100ths Dollars (\$6,000.00).
5. All notices with regard to this escrow should be sent to Seller and Buyer at the respective addresses above.
6. Closing is scheduled to occur on a date selected by Seller that is no later than \_\_\_\_\_.
7. You are hereby instructed to place the Purchase Price in a federally insured, interest-bearing account to earn interest for the benefit of the party entitled to the Purchase Price under the Purchase Agreement.
8. You are hereby authorized, without further instruction by Buyer or Seller, except as expressly provided in Section 9.1(a) of the Purchase Agreement, to comply with the terms of said Section 9.1(a) in the event that the sale of the Property shall not be closed by reason of a default by Buyer

under the Purchase Agreement. A copy of the relevant provisions of Section 9.1(a) of the Purchase Agreement is set forth on Attachment 1 attached hereto.

9. These Instructions may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10. We wish to bring to your attention that the Purchase Agreement contains the following provision regarding confidentiality, and you are hereby directed to take all necessary steps to maintain in strict confidence the existence of the Purchase Agreement (except as may be required by law or to perform your duties as escrow agent):

11.11 Confidentiality; No Recorded Memorandum. Prior to the Close of Escrow, Buyer shall not disclose the terms of this Agreement to any third party without the prior written consent of Seller unless the disclosure is required by law, e.g. the Brown Act or the Public Records Act, and except to the extent requested by any governmental or quasi-governmental authority (including the California Public Utilities Commission and the Federal Energy Regulatory Commission). It is understood that the confidentiality of the terms hereof is critical to preserve the financial integrity of the Property. Buyer shall not record this Agreement or any short form memorandum of this Agreement.

Please acknowledge your receipt of the Purchase Price and opening of escrow by executing each copy of these instructions where indicated below, and returning one (1) original of the same to Seller and Buyer at the addresses set forth above.

Very truly yours,

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

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

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

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

BUYER:

THE CITY OF SACRAMENTO,  
a municipal corporation

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

Print Name: James R. Rinehart

Its: Economic Development Director

RECEIPT AND ACKNOWLEDGMENT

In accordance with the Purchase Agreement between Pacific Gas and Electric Company, as Seller, and The City of Sacramento, a municipal corporation, as Buyer, respecting PG&E's Jibboom Street Property, Sacramento County, California, escrow has been opened on \_\_\_\_\_, 2014, with a deposit in the amount of Six Thousand and 00/100ths Dollars (\$6,000) in immediately available funds.

TITLE COMPANY:

PLACER TITLE COMPANY

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

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

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

ATTACHMENT 1

9. DEFAULT.

9.1 Buyer's Default.

(a) IF THE SALE OF THE PROPERTY TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY BUYER, SELLER MAY UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING WRITTEN NOTICE TO BUYER AND THE TITLE COMPANY. THEREUPON, SELLER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES. IN ADDITION, TITLE COMPANY SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER. SELLER'S RETENTION OF THE DEPOSIT IS NOT INTENDED AS A FORFEITURE OR A PENALTY, BUT IS INTENDED TO COMPENSATE SELLER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY BUYER, INCLUDING DAMAGES RESULTING FROM THE REMOVAL OF THE PROPERTY FROM THE MARKET, THE LOSS OF BUSINESS AND DEVELOPMENT OPPORTUNITIES AND THE LOSS OF PROSPECTIVE INVESTMENT IN OTHER PROPERTY. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF SELLER'S ACTUAL DAMAGES AS A RESULT OF BUYER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

EXHIBIT C

**JOINT ESCROW CLOSING INSTRUCTIONS**

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

Placer Title Company  
301 University Avenue, Suite 120  
Sacramento, CA 95825  
Attention: Jenny Vega

Re: Escrow No. 404-9140  
PG&E's Jibboom Street Property, Sacramento County, California

Ladies and Gentlemen:

These shall constitute the Joint Escrow Closing Instructions of Pacific Gas and Electric Company ("PG&E" or "Seller") and the City of Sacramento ("Buyer") under that certain Pacific Gas and Electric Company Standard Purchase and Sale Agreement dated as of April 1, 2014 ("Purchase Agreement") with regard to the following property: PG&E's Jibboom Street Property, Sacramento County, California ("Property"). The total purchase price for the Property is Six Thousand and 00/100ths Dollars (\$6,000.00) ("Purchase Price"), which consists of the purchase price of One Thousand and No/100ths Dollars (\$1,000.00) and an additional Five Thousand and No/100ths Dollars (\$5,000.00) to compensate Seller for administrative costs related to the transaction . Placer Title Company ("Title Company") has received a copy of the Purchase Agreement. Unless otherwise defined herein, all capitalized words or terms used in these Joint Escrow Closing Instructions shall have the meanings ascribed to them in the Purchase Agreement.

**1. DOCUMENTS AND FUNDS.**

You shall be in a position to close escrow upon fulfillment of all of the conditions set forth below:

1.1. When you have received from Seller and Buyer, as indicated below, the following funds and documents:

(a) From Seller:

(i) A Grant Deed duly executed and acknowledged by Seller conveying the Property to Buyer;

(ii) Both California and U.S. non-foreign person affidavits ("Affidavits") executed by Seller; and

(iii) A Covenant and Environmental Restriction on Property in the form attached as Exhibit E to the Purchase Agreement (the "Environmental Restriction"), duly executed and acknowledged by Seller; and

(iv) The Release Agreement in the form attached as Exhibit D to the Purchase Agreement ("Release Agreement"), duly executed and acknowledged by Seller.

(b) From Buyer:

- 00/100ths Dollars (\$6,000.00);
- (i) The Purchase Price in the amount of Six Thousand and
  - (ii) The Release Agreement, duly executed and acknowledged by Buyer; and
  - (iii) Any additional funds required to pay Buyer's share of closing costs and prorations.

1.2. The Title Company shall be prepared to issue to Buyer the title insurance policy in accordance with Section 4.4 of the Purchase Agreement.

1.3. You have received telephonic confirmation from Buyer and Seller, or their respective counsel, that all of the conditions to the Close of Escrow to be fulfilled outside of this escrow have been fulfilled to the satisfaction of Buyer and Seller.

1.4. Upon satisfaction of the foregoing conditions, you are to inform Buyer and Seller by telephone that all such conditions have been satisfied.

## 2. SPECIAL NOTE: REAL PROPERTY TAXES.

Real property owned by PG&E is assessed by the California State Board of Equalization and not by the County Assessor. Property is assessed as of January 1 in each year and the tax becomes a lien on the property as of January 1 for the subsequent July 1 - June 30 tax year. Property will not be removed from the state tax rolls to the county tax rolls until the tax year following the one in which title to the property is transferred. **Therefore, if this escrow closes between January 1 and June 30, you are instructed to collect from Buyer its pro rata share of taxes for the current tax year AND the entire amount of the tax for the tax year beginning on the July 1 immediately following the Close of Escrow. If escrow closes between July 1 and December 31, you are instructed to collect from Buyer its pro rata share of the taxes for the current tax year only.** PG&E has undertaken directly with Buyer to pay property taxes due and payable for the tax years for which PG&E has collected funds from Buyer.

## 3. STEPS TO CLOSE ESCROW.

When you are in a position to close escrow, assemble all documents that have been submitted to escrow in counterpart by attaching the signature page received from Buyer to the document received from Seller, date all documents that are undated as of the closing date, and proceed as follows, and record documents exactly in the order set forth below:

3.1. Record the Environmental Restriction and instruct the County Recorder to deliver the original Environmental Restriction to Seller after recording;

3.2. Record the Grant Deed and instruct the County Recorder to deliver the original Grant Deed to Buyer after recording;

3.2. Record the Release Agreement and instruct the County Recorder to deliver the original Release Agreement to Seller after recording;

3.3. Charge the respective accounts of Buyer and Seller for recording fees, filing fees, real property conveyance or documentary transfer taxes, title insurance premiums, notary fees, escrow fees and other costs and prorations in accordance with Sections 3.4 and 3.5 of the Purchase Agreement;

3.4. Pay to or for the account of Seller the amount of the Purchase Price, plus the prorated real property taxes for the current tax year and, if applicable, all of the real property taxes for the

following tax year, and less any closing costs and prorations agreed to by Seller and in the manner directed by Seller;

3.5. Deliver conformed copies of the Environmental Restriction, Grant Deed and Release Agreement with the recording information thereon, to each of Buyer and Seller;

3.6. Deliver the Affidavits to Buyer;

3.7. Deliver final escrow settlement statements, as approved by Buyer and Seller, to Buyer and Seller; and

3.8. Comply with any additional supplemental instructions submitted by Buyer or Seller, which are not inconsistent with these instructions.

#### **4. MISCELLANEOUS.**

4.1. These instructions may not be modified except in writing executed by the undersigned or the party to be charged. If this escrow is not in a position to close by 8:00 o'clock a.m. on \_\_\_\_\_, then you are to hold all documents and funds until further instructed by the undersigned.

4.2. These instructions may be executed in counterparts, and when taken together, the counterparts shall constitute one set of escrow instructions.

4.3. If you have any questions regarding these instructions, please contact the undersigned

4.4. All funds due to Seller are to be wire transferred to [Mellon GCM (Boston Safe Deposit and Trust Co.), Boston, MA, ABA Routing Number: \_\_\_\_\_], for credit to: PG&E Depository Account, Account Number \_\_\_\_\_. Please include the following information with the wire transfer: Contact Person: \_\_\_\_\_, Company Number \_\_\_\_\_, SAP Order Number \_\_\_\_\_.

4.5. All documents to be forwarded to Seller, and any extra originals of any documents held by the Title Company after disbursement of documents as directed herein, should be sent to:

Pacific Gas and Electric Company  
Corporate Real Estate  
Attention: \_\_\_\_\_  
Mail Code N15G  
P.O. Box 770000  
San Francisco, CA 94177

4.6. All documents to be forwarded to Seller should be sent to:

City of Sacramento  
Economic Development Department  
915 I Street, 3rd Floor  
Sacramento, CA 95814  
Attn: Rachel Hazlewood

If you agree to be bound by these instructions, please acknowledge the enclosed two copies of these instructions and return one copy each to Buyer and Seller.

Very truly yours,

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

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

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

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

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

BUYER:

THE CITY OF SACRAMENTO,  
a municipal corporation

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

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

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

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

RECEIPT AND ACKNOWLEDGMENT:

PLACER TITLE COMPANY

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

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

EXHIBIT D

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

William Somerville  
PACIFIC GAS AND ELECTRIC COMPANY  
P.O. Box 770000, Mail Code N15G  
San Francisco, CA 94177

**RELEASE AGREEMENT**

THIS RELEASE AGREEMENT ("Agreement"), dated for reference purposes only as of \_\_\_\_\_, 2014, is made by and between Pacific Gas and Electric Company, a California corporation ("Seller"), and The City of Sacramento, a California municipal corporation ("Buyer") in connection with that certain Standard Purchase and Sale Agreement dated as of April 1, 2014, by and between Buyer and Seller ("Purchase Agreement"), pursuant to which Buyer is acquiring from Seller that certain real property described on Attachment A hereto and made a part hereof (the "Property"). Unless otherwise stated herein, all capitalized words herein shall have the meaning ascribed to them in the Purchase Agreement. This Agreement does not take effect until the Close of Escrow under the Purchase Agreement.

In consideration of, and as a material inducement to, Seller's sale of the Property to Buyer and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Definitions. The following terms have the meanings ascribed to them below for purposes of this Agreement:

1.1. "Electric and Magnetic Fields" or "EMFs" means electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, howsoever designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means.

1.2. "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

1.3. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements. For purposes of this Agreement, Hazardous Substances include any material or substance:

(a) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or

promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1151 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbor Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1001 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. § 2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. § 10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code § 25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act ( Cal. Health and Safety Code § 25300 et seq.); the Hazardous Waste Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(b) that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States or any political subdivision thereof; or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(c) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons or to the environment; or

(d) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) that contains lead-based paint or other lead contamination, polychlorinated biphenyls ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) that contains radon gas.

1.4. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances and containers of Hazardous Substances from the Property and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

2. Generally. It is the intent of the parties that Buyer shall (as between Seller and Buyer) bear all responsibility, cost and risk of (i) Hazardous Substances, and (ii) Electric and Magnetic Fields that are present on the Property as of the Close of Escrow. The parties have taken the obligations of Buyer set forth in this Agreement into account in establishing the Purchase Price for the Property. To ensure that Buyer understands the risks inherent in Buyer's execution of this Agreement, Seller has strongly advised Buyer to investigate the condition and suitability of all aspects of the Property and all matters affecting the value or desirability of the Property, or that may be perceived to affect the value or desirability of the Property, including the presence of any Electric and Magnetic Fields and the potential environmental hazards arising from the presence of Hazardous Substances on, under, about, adjacent to or affecting the Property. Buyer hereby acknowledges and confirms that it has been afforded the opportunity to, and has, as of the date hereof, performed all environmental inspections, tests and studies, including invasive testing and/or groundwater sampling on, under, about or adjacent to the Property, which

Buyer and its environmental consultants and engineers have deemed necessary to assess the condition of the Property and to assume the risk of the release provided for in this Agreement.

3. Release.

3.1. Buyer, for itself, and for any future owners of all or a part of the Property, and each of their respective successors, assigns, licensees, officers, directors, employees, agents, partners, shareholders, transferees, parent and subsidiary corporations, legal representatives, heirs, beneficiaries, executors and administrators (together with Buyer, "Releasing Parties") hereby fully and forever releases, and covenants not to sue Seller and/or each and all of its past, present and future officers, directors, partners, employees, agents, representatives, shareholders, attorneys, affiliates, parent and subsidiary corporations, divisions, insurance carriers, heirs, legal representatives, beneficiaries, executors, administrators, predecessors, transferees, successors (including lenders who become successors-in-title) and assigns (hereinafter "Released Parties") of, from and for any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action, obligations, controversies, debts, expenses, accounts, damages, judgments and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity or otherwise (each a "Claim" and, collectively, "Claims") that the Releasing Parties may suffer or claim to suffer, based in whole or in part on the presence of any Hazardous Substances or Electric and Magnetic Fields on the Property as of the Close of Escrow, including Claims arising from the passive or active negligence of the Releasing Parties.

3.2. Buyer represents and warrants to Seller that it is the sole and lawful owner of all right, title and interest in and to every Claim that Buyer purports to release herein on its behalf, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm, association, corporation or other entity, any right, title or interest in any such Claim. In the event that such representation is false, and any such Claim is asserted against any of the Released Parties, by any party or entity who is the assignee or transferee of such Claim, then Buyer shall fully indemnify, defend and hold harmless the Released Party against whom such Claim is asserted from and against such Claim and from all actual costs, fees, expenses, liabilities and damages that that party incurs as a result of the assertion of such Claim.

4. Omitted Intentionally.

5. Statutory Waiver. Buyer acknowledges that after signing this Agreement, it may discover facts different from or in addition to those that it now knows or believes to be true with respect to the matters which are the subject of this Agreement, and agrees that this Agreement shall remain in effect in all respects, notwithstanding the discovery of such different or additional facts. In addition, Buyer understands and agrees that its agreements and covenants contained in this Agreement extend to all claims of any nature and kind, known or unknown, suspected or unsuspected, based in whole or in part on facts existing in the past or as of the date hereof, and in that regard, Buyer acknowledges that it has read, considered and understands the provisions of Section 1542 of the California Civil Code which reads as follows:

Section 1542. General Release

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Buyer knowingly and voluntarily waives and relinquishes any and all rights that it may have under Section 1542 as well as under the provisions of all comparable, equivalent, or similar statutes and principles of common law or other decisional law of any and all states of the United States or of the United

States. Buyer understands and acknowledges the significance and consequences of this waiver and hereby assumes the risk of any injuries, losses or damages that may arise from such waiver.

Buyer: THE CITY OF SACRAMENTO

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

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

6. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

6.1. Buyer has in all respects voluntarily and knowingly executed this Agreement.

6.2. Buyer has had an opportunity to seek and has sought independent legal advice from attorneys of his or its choice with respect to the advisability of executing this Agreement.

6.3. Buyer has made such investigation of the facts pertaining to this Agreement as it deems necessary.

6.4. The terms of this Agreement are contractual and are the result of negotiation between Buyer and Seller.

6.5. This Agreement has been carefully read by Buyer and the contents hereof are known and understood by Buyer.

6.6. If Buyer is an entity, Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Buyer have the full right and authority to execute this Agreement on behalf of Buyer and to bind Buyer without the consent or approval of any other person or entity. This Agreement is (i) duly authorized, properly executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer enforceable in accordance with its terms at the time of Close of Escrow, and (iii) not in violation of any agreement or judicial order to which Buyer is a party or to which it is subject.

7. Mandatory Negotiation and Mediation.

7.1. Except as provided in Section 7.2, Seller and Buyer agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Buyer and Seller agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Buyer and Seller fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Sacramento, California, pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days after the Mediation Notice, the parties agree that either party may request that JAMS in Sacramento, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in JAMS's fees; the parties shall bear

their own costs and attorneys' fees incurred in connection with the mediation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as provided in Section 7.2, neither party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 7.2.

7.2. Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 7.1. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

7.3. The provisions of this Section 7 may be enforced by any court of competent jurisdiction. The covenants of Seller and Buyer contained in this Section 7 shall the expiration or earlier termination of this Agreement or the Close of Escrow.

7.4. The provisions of this Section 7 are binding only if the parties enter into a written agreement signed by both parties that tolls the statute of limitations with respect to any lawsuit based on a claim or dispute arising out of or relating to this Agreement.

## 8. Miscellaneous.

8.1. Buyer acknowledges (a) this Agreement is the result of extensive good faith negotiations between Buyer and Seller through their respective counsel, (b) Buyer's counsel has carefully reviewed and examined this Agreement before execution by Buyer, and (c) any statute or rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

8.2. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of Buyer and Seller. No transfer of an interest in the Property or this Agreement by Buyer or its assignees shall operate to relieve Buyer of its obligations hereunder.

8.3. The failure of Seller to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of such terms, nor shall it militate against the right of Seller to insist upon strict compliance herewith at any later time.

8.4. This Agreement shall not constitute or be construed as an admission of liability or fact by Seller for any purpose whatsoever.

8.5. The representations, warranties, covenants, and agreements of Buyer contained in this Agreement shall survive the Close of Escrow.

8.6. Time is of the essence of this Agreement.

8.7. The words "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated.

8.8. This Agreement shall be governed by the laws of the State of California.

8.9. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder shall remain unaffected.

8.10. This Agreement sets forth the entire understanding of Buyer and Seller in connection with the subject matter hereof, and Buyer acknowledges that Seller has made no statement, representation or warranty relating to the Property upon which Buyer has relied or that acted as an inducement for Buyer to enter into this Agreement. Buyer's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Buyer and Seller.

IN WITNESS WHEREOF, Seller and Buyer have duly executed this Agreement.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

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

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

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

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

BUYER:

THE CITY OF SACRAMENTO,  
a municipal corporation

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

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

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

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

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

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

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

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

**ATTACHMENT A**  
**LEGAL DESCRIPTION**

**CERTIFICATE OF ACKNOWLEDGMENT  
OF NOTARY PUBLIC**

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public (Seal)

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public (Seal)

EXHIBIT E

**ENVIRONMENTAL RESTRICTION**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Pacific Gas and Electric Company  
P. O. Box 770000, Mail Code N15G  
San Francisco, California 94177  
Attn: Bill Somerville

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**APN 001-0190-005**

(Space Above For Recorder's Use)

**COVENANT AND ENVIRONMENTAL RESTRICTION OF PROPERTY  
City of Sacramento, Sacramento County, California**

*This instrument is an environmental restriction  
pursuant to California Civil Code Section 1471*

THIS COVENANT AND ENVIRONMENTAL RESTRICTION OF PROPERTY (this "Covenant") is made as of this \_\_\_\_ day of \_\_\_\_\_, 2014, by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("PG&E"), with reference to the following facts:

A. PG&E is the owner of real property located in the City and County of Sacramento, State of California, identified by the Sacramento County Assessor as Assessor's Parcel Number 001-0190-005, and more particularly described in Exhibit A attached hereto (the "Property").

B. The Property formerly was the site of a steam power plant, which operated between 1912 and 1954. Arsenic and other hazardous substances may be present in the soil and groundwater on the Property as a result of such operation.

C. In order to protect present and future human health and safety and the environment, and to ensure that the Property is used in a manner that avoids potential harm to persons, the environment or property related to the presence of contaminants remaining on the Property, PG&E is recording this Covenant.

D. This Covenant is given to bind successive owners of the Property, or portions of the Property, to restrictions on the future use of the Property, which restrictions are for the benefit of PG&E.

ARTICLE 1  
GENERAL PROVISIONS

1.1 Definitions.

a. Lease. "Lease" means a lease, rental agreement, license, or any other agreement that creates a right to use or occupy any portion of the Property.

b. Occupant. "Occupant" means the Owner of the Property, and any person or entity entitled by leasehold, license, easement, servitude, agreement or other legal relationship granting the right to enter and possess, occupy or improve any portion of the Property, and any other person or entity that occupies, possesses or improves any portion of the Property, after PG&E has conveyed the Property.

c. Owner. "Owner" means the person or entity who acquires fee title to the Property from PG&E, and that person's grantees, successors in interest, and their respective grantees and successors in interest, including heirs and assigns, if any, during their ownership of all or any portion of the Property.

1.2 Provisions to Run with the Land. This Covenant sets forth protective covenants, conditions and restrictions (collectively, "Restrictions"), upon and subject to which the Property and every portion thereof shall be held, used, improved, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. The Restrictions shall run with the Property pursuant to California Civil Code Section 1471, and shall apply to and bind all successors in interest therein. The Restrictions are imposed upon the entire Property.

1.3 Binding upon Owners/Occupants. This Covenant shall be binding upon all Owners and Occupants of the Property.

1.4 Deemed Concurrence. In the event an Owner of all or a portion of the Property conveys fee title to some portion or portions of the Property to third parties but retains an interest in other portions of the Property, the conveying Owner shall forever be released and relieved of any further obligation or liability under this Covenant, with respect to the portion of the Property so conveyed, for events first occurring or arising from and after the date of such transfer. Upon any Owner's sale or transfer of its entire interest in the Property, such conveying Owner shall forever be released and relieved of any further obligation or liability under this Covenant for events first occurring or arising from and after the date of such transfer. Upon the termination of the Lease of any Occupant and surrender of possession of all or a portion of the Property, such Occupant shall forever be relieved of any further obligation or liability under this Covenant, with respect to all or the portion of the Property so surrendered, for events first occurring or arising from and after the date of such termination and surrender of the Property. Nothing in this Section shall constitute an admission by, or a release of, any conveying Owner with respect to any claims or liability for remediation of the Property under applicable laws and regulations (as opposed to claims or liability arising solely under this Covenant) including, without limitation, remediation first required subsequent to the conveyance of the Property to a third party. In addition, nothing in this Section shall constitute an admission by, or a release of, any Occupant with respect to any claims or liability for remediation of the Property under applicable laws and regulations (as opposed to claims or liability arising solely under this Covenant) including, without limitation, remediation first required subsequent to termination of its leasehold interest and surrender of the Property. The obligation and responsibility to comply with and enforce the Restrictions shall be transferred to such third party successor Owner; provided, however, that PG&E shall retain the right at PG&E's election to enforce the Restrictions as set forth in Section 3.1 below.

1.5 Incorporation into Deeds and Leases. The Restrictions are hereby deemed to be incorporated by reference into each grant, Lease, or creation or conveyance of any interest in the Property or portion thereof occurring after the date this instrument is recorded in the Official Records of

Sacramento County, California, whether or not referred to in the instrument effecting such grant, Lease, or creation or conveyance.

ARTICLE 2  
DEVELOPMENT, USE AND CONVEYANCE OF THE PROPERTY

2.1 Restrictions on Use. The use of the Property shall be restricted as follows:

No Owner or Occupant shall use the Property for any of the following purposes without first applying for and receiving a written variance from PG&E for that use pursuant to Section 4.1 of this Covenant:

- a. A residence, including any mobile home or factory built housing, constructed or installed for use as residential human habitation.
- b. A hospital or convalescent home for humans.
- c. A public or private school for persons under 21 years of age.
- d. A group care facility for the physically and mentally handicapped.
- e. A day care center for children.

2.2 Notice in Agreements. All Owners of the Property or any portion thereof, shall include in all deeds, leases or licenses of any portion of the Property, the following statement: "Pursuant to California Civil Code Section 1471, in order to protect human health and safety and the environment, the property described in this [deed/lease/license] is subject to a use limitation based on past environmental contamination of the property. While that contamination has been substantially remediated, to protect human health and safety, the property is subject to a covenant that runs with the land, which restricts the use of the property. Pacific Gas and Electric Company is the beneficiary of this covenant and restriction. Notwithstanding any failure to include such statement in any deed, lease or license, such covenant and restriction shall be binding on each successive owner and shall run with the land. This statement is not a declaration that a hazard exists at the property."

ARTICLE 3  
ENFORCEMENT; ACCESS; MORTGAGEE PROTECTION

3.1 Enforcement. This Covenant is entered into for the express benefit of PG&E, and PG&E may enforce this Covenant, including, but not limited to, the right to require removal or modification of improvements constructed in violation of this Covenant, or recover any and all damages recoverable under applicable law for breach in an action at law or in equity.

3.2 Access. PG&E shall have a reasonable right of entry and access to the Property at no cost, upon reasonable prior written notice, to conduct inspections consistent with the purposes of this Covenant in order to protect human health and safety and the environment.

3.3 Mortgagee Protection. Notwithstanding any provision of this Covenant, no breach of the Restrictions, nor the enforcement of any provisions contained in this Covenant shall affect, impair or defeat the lien or charge of any duly recorded mortgage or deed of trust encumbering any portion of the Property, or affect, impair, or defeat the interest of the mortgagee, or its successors or assigns pursuant to such a mortgage, provided that such mortgage is made in good faith and for value. All of the Restrictions shall be binding upon and effective against any Owners whose title is derived through foreclosure, deed in lieu of foreclosure, or trustee's sale during the period of their ownership.

ARTICLE 4  
AMENDMENT AND TERM

4.1 Amendment. Any Owner of the Property, or any portion thereof, may apply to PG&E for amendment of, variance from, or termination of, this Covenant, which application shall be granted, denied or conditioned in PG&E's sole and absolute discretion. Except as provided in Section 4.2, this Covenant

may not be amended, varied from, or terminated, except in a writing that is recorded in the Official Records of Sacramento County, signed and acknowledged by PG&E and the party owning the portion of the Property as to which such amendment, variance, or termination will apply, and any attempt at oral amendment, variance, or termination shall be void and of no effect.

4.2 Automatic Termination. This Covenant terminates automatically if any Owner of the Property; (a) signs and acknowledges a writing that (i) meets the requirements of Civil Code Section 1471, subdivision (a), (ii) contains a covenant and agreement with the California Department of Toxic Substances Control, and (iii) places restrictions on the use of the Property that are at least as restrictive as the restrictions in Section 2.1, and (b) the writing is recorded in the Official Records of Sacramento County.

4.3 Term. Unless the term of this Covenant is amended or this Covenant is terminated in accordance with Section 4.1 or Section 4.2 above, this Covenant shall continue in effect in perpetuity.

## ARTICLE 5 MISCELLANEOUS

5.1 No Dedication Intended. Nothing herein shall be construed to be a gift, grant or dedication, or offer to give, grant or dedicate, the Property or any portion thereof to the public or any other person or entity, for any purposes whatsoever.

5.2 Notices. All notices, demands, requests, consents, approvals, waivers, releases, modifications, terminations or other communications relating to this Covenant shall be in writing and shall be deemed effective: (i) when delivered, if personally delivered to the person being served, individually or on behalf of an entity, or official of a government agency being served, or (ii) five (5) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

To PG&E: If by registered or certified mail, return receipt requested:

Corporate Real Estate Transactions Department  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N15G  
San Francisco, CA 94177

With a copy to:

Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120  
Attn: Senior Director and Lead Counsel,  
Corporate and Commercial Group (Real Estate)

If by personal delivery or overnight courier:

Corporate Real Estate Transactions Department  
Pacific Gas and Electric Company  
245 Market Street, Room 1553B  
San Francisco, CA 94105

With a copy to:

Law Department  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B30A  
San Francisco, CA 94105  
Attn: Senior Director and Lead Counsel,  
Corporate and Commercial Group (Real Estate)

5.3 Partial Invalidity. If any nonmaterial portion of this Covenant is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of PG&E and are not part of this Covenant.

5.5 Successors and Assigns. This Covenant shall be binding upon and shall inure to the benefit of the successors and assigns of PG&E, except as provided in Article 1.2.

IN WITNESS WHEREOF, PG&E has executed this Covenant as of the date set forth above.

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

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

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

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

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

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**REAL PROPERTY DESCRIPTION**

All that certain real property situated, lying and being in the County of Sacramento, State of California, described as follows:

**ALL THAT PORTION OF THAT CERTAIN 4.08 ACRE PARCEL OF LAND DESCRIBED IN THAT CERTAIN DEED DATED AUGUST 15, 1910, EXECUTED BY A. C. MCDAVID, ET UX TO PACIFIC GAS AND ELECTRIC COMPANY, RECORDED AUGUST 20, 1910, IN BOOK 317 OF DEEDS, PAGE 295, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:**

**BEGINNING AT A POINT IN THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL OF LAND FROM WHICH THE 3/4 INCH STEEL DRILL BID BIT IN CONCRETE MARKING THE NORTHEAST CORNER OF SAID 4.08 ACRE PARCEL OF LAND BEARS NORTH 87 ° 04 ' EAST 590.5 FEET DISTANT AND RUNNING THENCE SOUTH 87 ° 04 ' WEST, ALONG THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL, 67.0 FEET; THENCE SOUTH 2 ° 56 ' EAST 50.0 FEET; THENCE NORTH 87 ° 04 ' EAST, PARALLEL WITH THE THE NORTHERLY BOUNDARY LINE OF SAID 4.08 ACRE PARCEL OF LAND, 67.0 FEET; THENCE NORTH 2 ° 56 ' WEST 50.0 FEET TO THE POINT OF BEGINNING. BEING A PORTION OF SWAMP AND OVERFLOWED LANDS SURVEY NO. 926.**

**A.P.N. 001-0190-005**

EXHIBIT F

**DISCLOSURE EXHIBIT**

None

Attachment A  
Parcel Location

