

Meeting Date: 5/27/2014

Report Type: Staff/Discussion

Report ID: 2014-00366

Title: (City Council/Financing Authority) Approval of Purchase and Sale Agreement for 921 10th Street

Location: District 4

Recommendation: 1) Pass a Sacramento City Financing Authority Resolution authorizing the City Manager or designee to approve transfer of 921 10th Street from the Sacramento City Financing Authority to the City; and 2) pass a City Council Resolution approving the Purchase and Sale Agreement with Sac Metropolitan, LLC and authorizing the City Manager or his designee to execute the Purchase and Sale Agreement and related documents for the sale.

Contact: Leslie Fritzsche, (916) 808-7223, Economic Development Department

Presenter: None

Department: Economic Development Dept

Division: Citywide Development

Dept ID: 18001031

Attachments:

- 1-Description/Analysis
- 2-Attachment 1 Location Map
- 3-Attachment 2 Photographs
- 4-Financing Authority Resolution
- 5-City Council Resolution
- 6-Exhibit A Professional Services Agreement by Purchaser JS

City Attorney Review

Approved as to Form
Sheryl Patterson
5/19/2014 4:41:07 PM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 5/16/2014 1:13:51 PM

DESCRIPTION/ANALYSIS

Issue: The Sacramento City Financing Authority owns the property located at 921 10th Street that has been vacant since 2008, and is in increasingly deteriorating condition. The property is a surplus asset. The property was to be transferred to the City at the end of the Authority lease on May 31, 2009. The proposed actions allow for that planned transfer to the City, and the sale of the property by the City to Saca Metropolitan, LLC, which is an affiliated entity of the Saca family which owns the other properties along the blocks of 10 and J Streets.

Economic Considerations: N/A

Environmental Considerations: The sale of this property is not conditioned on its development. Therefore, the action is considered a government fiscal activity and therefore is exempt from environmental review under the California Environmental Quality Act (CEQA) under section 15378(b)(4) of the CEQA Guidelines.

Sustainability: The transaction recommended in this report does not have any sustainability considerations.

Rationale for Recommendation: The Plaza Building is a 7-story building located at 921 10th Street which was previously used as City offices (see site location and pictures as Attachments 1 and 2). The building contains approximately 33,600 square feet on a 4,800 square foot parcel. The building was constructed in 1906 and was purchased in 1989 by the Sacramento City Public Facilities Financing Authority who subsequently leased it to the City in June 1989 for use as City offices. The property was transferred in 1993 to the Sacramento City Financing Authority subject to the lease agreement. The lease agreement pledged transfer of the property to the City when the lease expired in 2009, but the transfer was never implemented. The City has remained as a holdover tenant responsible for securing the building and has the residual right to the building transfer per the terms of the lease at no cost.

The property served for many years as City offices for the Parking Division, the City Attorney, and Human Resources. The property was vacated in 2008 because of significant condition issues, primarily related to the failure of all of the building's major systems, and the existence of asbestos and hazardous materials in the construction fabric.

In 2007, the City Council approved an Environmental Impact Report and entitlements for the development of a mixed-use condominium/hotel project known as The Metropolitan. This project included the Plaza Building and adjacent properties (numbered 927 10th, 1000 J, 1013 J and 1023 J) owned by the project applicant, the Saca family. There was no formal agreement on the sale of the Plaza Building property to the Saca family, although the City Council did approve entering into negotiations with the Saca family for the sale of the building. That project has not been implemented.

Since 2008, the Plaza Building and the other properties owned by the Saca family along 10th and J Streets have deteriorated further and been the subject of ongoing vandalism. Additionally, recent investigations have indicated further deterioration from water intrusion. Cost estimates to rehabilitate the building into a leasable condition range from \$9 to \$11 million. These estimates include replacing

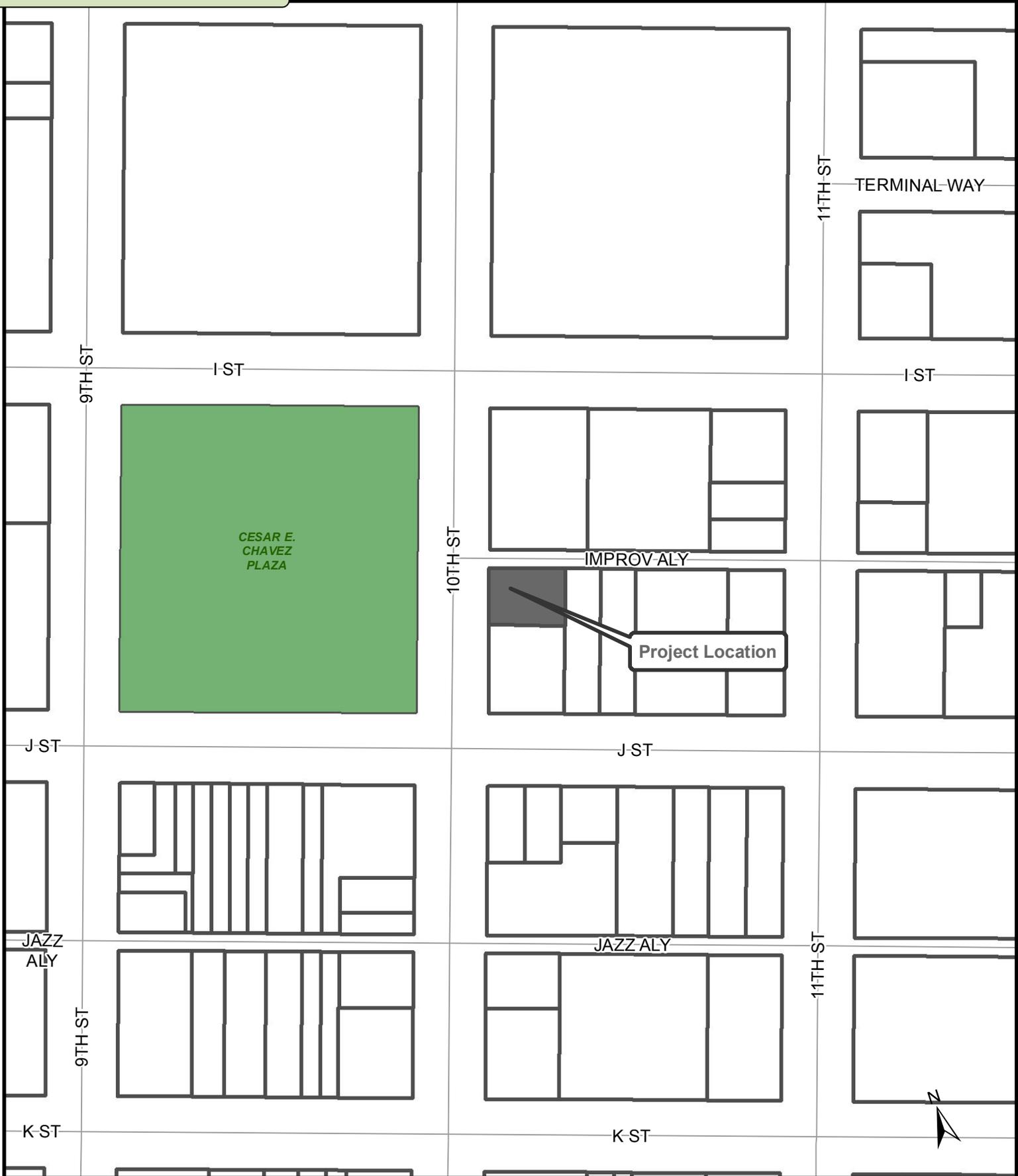
the HVAC, electrical/lighting systems, new elevators, new roof, new windows, structural upgrades to bring in compliance with existing code, and hazardous material abatement. It is not economical to undertake such rehabilitation of that building.

In 2013, the City had the building appraised and discovered that the site had only land value and the cost of demolition reduced its market value. Subsequent to the receipt of the appraisal, the Saca Family submitted an offer to purchase the property for \$600,000. This offer price is significantly higher than the City's appraisal and reflects the enhanced value created by consolidating this property with the Saca family's adjacent property holdings, thus increasing its development opportunity. In addition, there is a cost savings if the Plaza Building were to be demolished (rather than protected) along with the adjacent structures owned by the Saca family.

Staff is recommending the transfer of the property to the City at no cost as contemplated in the original lease with the Sacramento City Financing Authority and the subsequent sale of the property to Sac Metropolitan, LLC as outlined in the Purchase and Sale Agreement (Exhibit A to City Council Resolution). The property would be sold in its "as-is" condition and holding the City harmless for the environmental conditions requiring abatement. The planned closing date is June 13, 2014. At this time, the proposed purchaser does not have any immediate plans for development of this parcel, though demolition of the building along with the Saca holdings adjacent to the site is a possibility.

Financial Considerations: Currently the Plaza Building is a deteriorating asset of the City of Sacramento with ongoing expenditures needed to keep the building secure and in minimum condition. The sale of the property for \$600,000 exceeds the 2013 appraisal for the property. Proceeds from the sale will be deposited in the City's Economic Development Fund (Fund 2031).

Local Business Enterprise (LBE): Not applicable.



Legend

-  Parcels
-  921 10th St

921 10th Street

PHOTOGRAPHS OF SUBJECT PROPERTY



EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY FACING EAST AND SOUTHEAST FROM CAESAR CHAVEZ PLAZA PARK



PHOTOGRAPHS OF SUBJECT PROPERTY

RESOLUTION NO. 2014-___

Adopted by Sacramento City Financing Authority

May 27, 2014

**AUTHORIZING TRANSFER OF THE PROPERTY AT 921 10TH STREET
TO THE CITY OF SACRAMENTO**

BACKGROUND:

- A. In 1989, the Sacramento City Public Facilities Financing Corporation (“Financing Corporation”) purchased the property at 921 10th Street for the purpose of leasing it to the City of Sacramento (“City”) for use as City offices.
- B. The lease with the Financing Corporation provided for the City to make payments to the Financing Corporation to pay off the debt and pledged the transfer of the property to the City at no cost when the lease expired on May 31, 2009. However, that planned transfer was not implemented.
- C. In 1993, the Financing Corporation transferred the property to the Sacramento City Financing Authority subject to the terms of the 1989 lease.
- D. The property was used by the City for offices for various departments including the City Attorney, Transportation, Human Resources, and Finance until it was vacated in 2008 due to increasing maintenance and repair costs.
- E. The City remained as a holdover tenant responsible for securing the building and is entitled to transfer of the property at no cost per the terms of the 1989 lease agreement.
- F. In order to sell the property, certain items that are recorded on title need to be removed, including referenced to the 1989 lease and terminating a 1906 sewer easement and a party wall agreement, which documents are included in the Purchase and Sale Agreement between the City and Sac Metropolitan, LLC.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE SACRAMENTO CITY FINANCE AUTHORITY RESOLVES AS FOLLOWS:

- Section 1. The above findings are true and correct.
- Section 2. The City Manager or his designee, on behalf of the Sacramento City Financing Authority, is hereby authorized to execute the Termination of Project Lease to remove the 1989 lease from title, and the Termination of Easement and Party Wall Agreement to extinguish agreements and remove documents recorded in 1906 from title.

Section 3. The transfer of the property at 921 10th Street to the City of Sacramento at no cost in accordance with the terms of the 1989 lease is hereby approved.

Section 4. The City Manager or his designee is authorized to execute a quitclaim deed and any other documents required to transfer the property at 921 10th Street from the Sacramento City Financing Authority to the City of Sacramento.

RESOLUTION NO. 2014-___

Adopted by Sacramento City Council

May 27, 2014

ACCEPTING THE TRANSFER OF THE PROPERTY AT 921 10TH STREET FROM SACRAMENTO CITY FINANCING AUTHORITY AND APPROVAL OF PURCHASE AND SALE AGREEMENT WITH SAC METROPOLITAN, LLC

BACKGROUND:

- A. In 1989, the Sacramento City Public Facilities Financing Corporation (“Financing Corporation”) purchased the property at 921 10th Street, known as the Plaza Building, for the purpose of leasing it to the City of Sacramento (“City”) for use as City offices.
- B. The lease with the Financing provided for the City to make payments to the Financing Corporation to pay off the debt and pledged the transfer of the property to the City at no cost when the lease expired on May 31, 2009. However, that planned transfer was not implemented.
- C. In 1993, the Financing Corporation transferred the property to the Sacramento City Financing Authority subject to the terms of the 1989 lease.
- D. The property was used by the City for offices for various departments including the City Attorney, Transportation, Human Resources, and Finance until it was vacated in 2008 due to increasing maintenance and repair costs.
- E. The City remained as a holdover tenant responsible for securing the building and is entitled to transfer of the property at no cost per the terms of the 1989 lease agreement.
- F. Sac Metropolitan, LLC is affiliated with the Saca family who are owners of adjacent properties adjacent to the subject property along 10th and J Streets (numbered 927 10th, 1000 J, 1013 J, and 1023 J).
- G. The City appraised the property at 921 10th Street and due to its condition, the property value is only the land and the cost of demolition and hazardous material abatement reduce its market value. Sac Metropolitan, LLC is willing to purchase the property in its ‘as is” condition and will pay the City more than the appraised value.

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

Section 1. The above findings are true and correct.

- Section 2. The City Manager or his designee is authorized to accept the transfer of the property at 921 10th Street from the Sacramento City Financing Authority at no cost per the terms of the 1989 lease agreement by executing a Certificate of Acceptance and any other required documents.
- Section 3. The City Council finds that in accordance with City Code Section 3.88.090, it is in the best interests of the City to sell the City property at 921 10th Street to Sac Metropolitan, LLC without competitive bidding.
- Section 4. The City Manager or his designee is authorized to execute the Purchase and Sale Agreement with Sac Metropolitan, LLC to sell the property at 921 10th Street in its “as is” condition for the purchase price of \$600,000. The City Manager or his designee is also authorized to execute the grant deed, escrow instructions and related documents to complete the sale of the City property at 921 10th Street to Sac Metropolitan, LLC.
- Section 5. The City Manager or his designee is directed to deposit the net sale proceeds into the Economic Development Fund (Fund 2031).

Table of Contents:

- Exhibit A - Purchase and Sale Agreement with Sac Metropolitan, LLC for 921 10th Street

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

SELLER: CITY OF SACRAMENTO
BUYER: SAC METROPOLITAN, LLC
PROPERTY: 921 10TH STREET; APN 006-0044-012
DATED: May 28, 2014

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

This Purchase and Sale Agreement and Joint Escrow Instructions (this "**Agreement**") is made and entered into as of the Effective Date by and between Buyer and Seller. The meanings set forth below hereof shall apply to capitalized terms not otherwise defined herein.

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained in this Agreement, Buyer and Seller agree as follows:

1. Defined Terms. The terms listed below shall have the following meanings throughout this Agreement:

Effective Date: The date this Agreement is executed by Seller after its approval by the Sacramento City Council.

Seller: The City of Sacramento, a municipal corporation ("**City**").

Seller's Address: City of Sacramento
Office of the City Manager
Attention: John Dangberg
New City Hall
915 I Street, 5th Floor
Sacramento CA 95814
Phone No.: (916) 808-1222
Fax No.: (916) 808-7618
E-Mail: jdangberg@cityofsacramento.org

Seller's Counsel: Office of the City Attorney
915 I Street, Fourth Floor
Sacramento, CA 95814
Attention: Sheryl Patterson
Phone No.: (916) 808-5346
Fax No.: (916) 808-7455
E-Mail: spatterson@cityofsacramento.org

Buyer: Sac Metropolitan, LLC, a California limited liability company

Buyer's Address:

Sac Metropolitan, LLC
Attention: John Saca
77 Cadillac Drive, Ste 150
Sacramento CA 95825
Phone No.: (916) 920-0400
Fax No.: (916) 641-0400
E-Mail: john@saca.biz

Buyer's Counsel:

Saca Law & Associates
Attention: Diana Saca
501 Arkansas Street
San Francisco, CA 94107
Phone No.: (415) 505-5003
Fax No.: (415) 341-0066
E-Mail: diana@sacalaw.com

Property:

That certain parcel of land located in the City of Sacramento, County of Sacramento, State of California, consisting of approximately 4,800 square feet of land area and a seven story building containing approximately 33,600 gross square feet encompassing APN No. 006-0044-012 described in **Exhibit 1** (the "**Legal Description**") attached hereto, including, but not limited to, all mineral and water rights and with all of the existing easements, rights-of-way and other appurtenances used or connected with the use or enjoyment of the Property, together with the personal property located on the Property as described in the General Assignment and Bill of Sale attached hereto as **Exhibit 2** (the "**General Assignment**").

Lease:

The Project Lease dated June 1, 1989 (City Agreement No. 88266) between the Sacramento City Financing Authority ("**Authority**") and the City, which provided for City to make payments to the Authority and which pledged transfer of the Property from the Authority to the City when the lease expired on May 31, 2009.

Purchase Price: The Total Purchase Price is \$600,000.00, which exceeds the amount of the City's appraisal of the Property. The Purchase Price shall be paid as set forth in Section 3 herein.

Escrow Holder: Fidelity National Title Company
Attn: Paul Avila
8950 Cal Center Drive, Bldg 3, Suite 100
Sacramento CA 95826
Phone: (916) 364-4070
Fax: (916) 364-4093
E-mail: pavila@fnf.com

Escrow Instructions: The instructions issued by Seller and Buyer to Escrow Holder attached hereto as Exhibit 3, in addition to the terms and conditions set forth in this Agreement for Escrow No. 13-5015616-PA

Closing Date: June 13, 2014 or such earlier date in accordance with Section 6 of this Agreement.

Title Company: Fidelity National Title Company
11050 Olson Drive, Ste 200
Rancho Cordova CA 95670

Exhibits:

- Exhibit 1** Legal Description
- Exhibit 2** General Assignment and Bill of Sale
- Exhibit 3** Escrow Instructions
- Exhibit 4** Authority to City Quitclaim Deed
- Exhibit 5** City to Buyer Grant Deed
- Exhibit 6** Release of Financing Lease
- Exhibit 7** Termination of Easement and Party Wall Agreement

2. Purchase and Sale. Seller hereby agrees to sell the Property and Buyer hereby agrees to purchase the Property, subject to all of the terms, covenants and conditions hereinafter set forth in this Agreement. The Property shall be conveyed to Buyer by City by means of a Grant Deed in the form attached as Exhibit 5 after City receives title to the Property from the Authority by means of a Quitclaim Deed in the form attached hereto as Exhibit 4, which exhibits are incorporated herein by this reference. All other interests of Seller in the Property (including any personal property) shall be transferred and assigned by Seller to Buyer pursuant to the General Assignment in the form attached hereto as Exhibit 2, which is incorporated herein by this reference.

3. **Purchase Price.** The Purchase Price shall be Six Hundred Thousand Dollars (\$600,000.00), which Buyer shall pay to Escrow Holder prior to the Closing Date as set forth in Section 11.

4. **As-Is Purchase.** As a material inducement to Seller to execute this Agreement, Buyer acknowledges, represents and warrants as follows:

(a) Buyer has fully examined and inspected the Property, together with such other documents and materials with respect to the Property which Buyer deemed necessary or appropriate in connection with its investigation and examination of the Property. Buyer has accepted the foregoing and the physical condition, value, presence/absence of Hazardous Substances, use, leasing, operation, tax status, income and expenses of the Property (collectively, the “**Property Condition**”). The Property will be purchased by Buyer “AS IS” and “WHERE IS” and with all faults and, upon Closing, Buyer shall assume responsibility for the physical condition of the Property from the date of Closing and thereafter. Buyer has decided to purchase the Property solely on the basis of its own independent investigation.

(b) Other than as expressly set forth in Section 17 of this Agreement, Seller has not made, does not make, and has not authorized anyone else to make any representation as to the present or future physical condition, value, presence/absence of Hazardous Substances, violation of any Environmental Laws, leasing, operation, use, tax status, income and expenses or any other matter or thing pertaining to the Property. Buyer acknowledges that other than the representations and warranties of Seller set forth in Section 17, no other representation or warranty has been made by Seller and that in entering into this Agreement Buyer does not rely on any other representation or warranty. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR ARISING BY OPERATION OF LAW, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. Seller shall not be liable for or bound by any verbal or written statements, representations, real estate broker’s “setups” or information pertaining to the Property furnished by any real estate broker, agent, employee, servant or any other person unless the same are specifically set forth in this Agreement.

(c) **Disclosure.** IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 25359.7, SELLER STATES THAT THERE MAY HAVE BEEN RELEASES OF HAZARDOUS MATERIALS ON OR BENEATH THE PROPERTY AND THERE IS CONTAMINATION ON THE PROPERTY AS DESCRIBED IN SECTION 17(g).

(i) FOR THE PURPOSES OF THIS AGREEMENT “HAZARDOUS MATERIAL(S)” AND “HAZARDOUS SUBSTANCES” MEANS ANY CHEMICAL, SUBSTANCE, MATERIAL, CONTROLLED SUBSTANCE, OBJECT, CONDITION, WASTE, LIVING ORGANISM OR COMBINATION THEREOF WHICH IS OR MAY BE HAZARDOUS TO HUMAN HEALTH OR SAFETY OR TO THE ENVIRONMENT DUE TO ITS IGNITIBILITY, CORROSIVITY, REACTIVITY,

EXPLOSIVITY, TOXICITY, CARCINOGENICITY, MUTAGENICITY, PHYTOTOXICITY, REPRODUCTIVE TOXICITY, INFECTIOUSNESS, RADIOACTIVITY, OR OTHER HARMFUL OR POTENTIALLY HARMFUL PROPERTIES OR EFFECTS, INCLUDING, WITHOUT LIMITATION, PETROLEUM AND PETROLEUM PRODUCTS, ASBESTOS, RADON, POLYCHLORINATED BIPHENYLS (PCBs), AND ALL OF THOSE CHEMICALS, SUBSTANCES, MATERIALS, CONTROLLED SUBSTANCES, OBJECTS, CONDITIONS, WASTES, LIVING ORGANISMS OR COMBINATIONS THEREOF WHICH ARE NOW, OR BECOME IN THE FUTURE, LISTED, DEFINED, OR REGULATED IN ANY MANNER BY ANY ENVIRONMENTAL LAW BASED UPON, DIRECTLY OR INDIRECTLY, SUCH PROPERTIES OR EFFECTS.

(ii) FOR THE PURPOSES OF THIS AGREEMENT “ENVIRONMENTAL LAWS” MEANS ANY AND ALL FEDERAL, STATE, LOCAL OR OTHER GOVERNMENTAL ENVIRONMENTAL, HEALTH OR SAFETY RELATED LAWS, REGULATIONS, STANDARDS, DECISIONS OF THE COURTS, ORDINANCES, RULES, CODES, ORDERS, DECREES, DIRECTIVES, GUIDELINES, PERMITS OR PERMIT CONDITIONS, CURRENTLY EXISTING AND AS AMENDED, ENACTED, ISSUED OR ADOPTED IN THE FUTURE, WHICH, DUE TO THE PRESENCE OR POTENTIAL PRESENCE OF HAZARDOUS MATERIAL(S), ARE OR BECOME APPLICABLE TO: (1) THE PROPERTY; OR (2) PERSONS OR ENTITIES WHO OWN, OCCUPY, USE, VISIT OR WORK ON THE PROPERTY. ENVIRONMENTAL LAWS INCLUDE, BUT ARE NOT LIMITED TO, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 USCA 9601 ET SEQ.) (“CERCLA”) THE RESOURCE CONSERVATION AND RECOVERY ACT (42 USCA 6901 ET SEQ.), THE CALIFORNIA HAZARDOUS WASTE CONTROL LAWS (CALIFORNIA HEALTH & SAFETY CODE SECTIONS 25100 ET SEQ.) AND THE CALIFORNIA PORTER COLOGNE ACT (CALIFORNIA WATER CODE 13000 ET SEQ.).

(d) The provisions of this Section 4 shall survive the Closing. If Buyer shall proceed to Closing with actual knowledge of any matter discovered during Escrow hereunder with respect to the Property which is in conflict with any of Seller’s representations and warranties made pursuant to Section 17 of this Agreement, Buyer shall be deemed to have waived such Seller’s representations and, warranties to the extent inconsistent with such actual knowledge discovered during Escrow hereunder, unless Seller has intentionally withheld or misrepresented material information regarding the Property and the Property Conditions as set out herein.

(e) Upon Closing, excluding Claims from third parties which are not affiliated with Buyer that accrued prior to Closing, Buyer shall assume the risk of the Property Conditions that may not have been revealed by Buyer’s investigations. The release and waiver of claims set forth below shall be referred to as the “**Release.**” Upon the Closing, Buyer, on its own behalf and on behalf of each of its successors and assigns and each and all of its and their respective members, partners, officers, directors, employees, parents, affiliates and subsidiaries, and each of their respective successors and assigns (collectively, “**Waiver Parties**”) hereby fully, forever, irrevocably and unconditionally waives and

releases Seller and its respective officers, employees, agents, and representatives and their respective successors and assigns (collectively, “**Released Parties**”) from (collectively, the “**Claims**”): (i) any and all claims, liabilities, demands, damages, counterclaims, suits, causes of action, costs and expenses (including, but not limited to, reasonable attorneys’ fees and costs) of any kind and nature whatsoever, whether known or unknown, anticipated or unanticipated, and howsoever arising or accruing, that the Waiver Parties, or any of them, ever had, now have, or may have against the Property or the Released Parties pertaining to the Property, arising or accrued prior to the Closing; and (ii) any and all Property Conditions, including, without limitation, any and all actual, threatened or potential claims, claims for contribution under any law relating to Hazardous Substances, suits, proceedings, actions, causes of action, demands, liabilities, losses, obligations, orders, requirements or restrictions, liens, penalties, fines, charges, debts, damages, costs, and expenses of every kind and nature, whether now known or unknown, whether foreseeable or unforeseeable, whether under any foreign, federal, state or local law (both statutory and non-statutory) or Environmental Law (as hereinafter defined), and, whether asserted or demanded by a third party against any of the Waiver Parties or incurred directly or indirectly by any of the Waiver Parties themselves, that any of the Waiver Parties may now or hereafter have against any of the Released Parties and that arise in connection with or in any way are related to (a) the physical condition of the Property, the financial condition of the Property, the value of the Property or its suitability for Buyer’s use, management or operation of the Property, or the accuracy or completeness of any information reviewed by Buyer in connection with its investigations of the Property and which may have been relied upon by Buyer in deciding to purchase the Property, (b) any handling of any Hazardous Substances at, beneath, to, from, or about the Property, (c) any compliance or non-compliance with Environmental Laws regarding any Hazardous Substances or any handling related thereto at, beneath, to, from, or about the Property, (d) any acts, omissions, services or other conduct related to any of the foregoing items “(a)” through “(c),” inclusive, and/or (e) any condition, activity, or other matter respecting the Property that is not addressed by any of the foregoing items “(a)” through “(d),” inclusive; provided however, Waiver Parties do not release Released Parties from any third party Claims, suits, proceedings, actions, causes of action, demands, liabilities, losses, obligations, orders, requirements or restrictions, liens, penalties, fines, charges, debts, damages, costs, and expenses arising or accruing prior to the Closing, or for Claims that are incurred, related to or arising out of a breach of the Seller’s representations and warranties set forth in Section 17, or for Seller’s obligations as set forth in Section 14. Buyer acknowledges that any condition of the Property which Buyer discovers or desires to correct or improve prior to or after the Closing Date shall be at Buyer’s sole expense.

(f) Buyer shall defend, hold harmless and indemnify the Released Parties and each of them from and against all third party Claims, suits, proceedings, actions, causes of action, demands, liabilities, losses, obligations, orders, requirements or restrictions, liens, penalties, fines, charges, debts, damages, costs, and expenses (including reasonable attorneys’ and consultants’ fees and costs) incurred, related to, arising or accruing as a result of the matters that are covered under the provisions of the foregoing Section 4 (e). Released Parties shall defend, hold harmless and indemnify the Waiver Parties and each of them from and against all third party Claims, suits, proceedings, actions, causes of action,

demands, liabilities, losses, obligations, orders, requirements or restrictions, liens, penalties, fines, charges, debts, damages, costs, and expenses (including reasonable attorneys' and consultants' fees and costs), related to, arising or accruing prior to the Closing, or Claims for Seller's obligations as set forth in Section 14, or that are incurred, related to or arising out of a breach of the Seller's representations and warranties set forth in Section 17, but excluding any third party Claims of Buyer's affiliated entities, including, without limitation, The Saca Revocable Trust and Saca Development, LLC. This Release and indemnity in Sections 4 (e) and (f) shall survive the Closing and the recording of the Grant Deed conveying the Property from Seller to Buyer.

(g) FOR THE RELEASED MATTERS HEREIN, TO THE FULLEST EXTENT NOT PROHIBITED BY LAW, BUYER HEREBY EXPRESSLY AND SPECIFICALLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE ("SECTION 1542") AND ANY SUCCESSOR LAWS. SECTION 1542 PROVIDES 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 ACKNOWLEDGES THAT THIS WAIVER AND RELEASE IS VOLUNTARY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE, AND IS GIVEN AS PART OF THE CONSIDERATION FOR THE AGREEMENTS SET FORTH HEREIN. BUYER EXPRESSLY ACKNOWLEDGES THAT IT MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE, WHICH IT NOW BELIEVES TO BE TRUE WITH RESPECT TO THE RELEASE OF CLAIMS. BUYER AGREES THAT THE FOREGOING RELEASE SHALL BE AND REMAIN EFFECTIVE IN ALL RESPECTS NOTWITHSTANDING SUCH DIFFERENT OR ADDITIONAL FACTS EXCEPT IN INSTANCES OF FRAUD OR A WILLFUL AND WRONGFUL ACT OR OMISSION.

BUYER HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS, AND BUYER HEREBY SPECIFICALLY ACKNOWLEDGES THAT BUYER HAS CAREFULLY REVIEWED THIS SUBSECTION AND DISCUSSED ITS IMPORT WITH LEGAL COUNSEL AND THAT THE PROVISIONS OF THIS SUBSECTION ARE A MATERIAL PART OF THIS AGREEMENT. BY ITS INITIALS BELOW, BUYER ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION AND RELEASE.



BUYER'S INITIALS

(h) Buyer hereby represents and warrants to Seller that is has not heretofore assigned or transferred, or purported to transfer, to any person or entity any matter to be released herein or any portion thereof and shall indemnify, defend and hold Seller harmless from and against any and all claims based on or arising out of any such assignment or transfer or purported assignment or transfer.

5. **Maintenance of Property and Commitments After Effective Date.** From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall not: (i) be obligated to undertake any maintenance or repairs of the Property, or (ii) take or authorize any action with regard to the Property, including making any commitments or representations to any third party, including governmental authorities, or adjoining or surrounding property owners except for affiliates of Buyer including The Saca Revocable Trust, but excluding actions necessary to protect the public health, safety or welfare.

6. **Escrow and Closing.**

(a) **Opening of Escrow.** The escrow ("**Escrow**") shall be deemed opened ("**Opening of Escrow**") on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Seller. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Provided as Exhibit 3, which is attached and incorporated herein, are the "**Escrow Instructions**" which Buyer and Seller shall execute and deliver to Escrow Holder. Buyer and Seller agree to execute, deliver and abide by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated hereby; provided, however, no such instructions or instruments shall conflict with, amend or supersede any portion hereof. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement and the Escrow Instructions, then the terms of this Agreement and the Escrow Instructions shall control.

(b) **The Closing.** On the Closing Date, all matters to be performed under this Agreement incident to the sale of the Property and the payment of the Purchase Price (collectively, "**Closing**") shall be performed at the offices of Escrow Agent, or other mutually acceptable location agreed to in writing by Buyer and Seller. Notwithstanding anything in this Section 6 to the contrary, the Parties agree to use commercially reasonable efforts to pre-close the transaction contemplated hereby (*i.e.*, sign documents into escrow) on the business day immediately preceding the then-scheduled date of Closing. For purposes of this Agreement, the actual Closing Date shall be the date that the City Grant Deed in the form attached as Exhibit 5 is recorded pursuant to applicable law in Sacramento County, California. Unless changed in writing by the Parties, the Closing shall occur on the Closing Date, subject to Buyer's and Seller's rights to extend the Closing Date as defined in Exhibit 3 and to terminate this Agreement that are expressly set forth herein.

(c) **Possession of the Property.** Without limiting the generality of the foregoing, at Closing full possession of the Property is to be delivered to Buyer.

(d) **Extension.** The Escrow Instruction in the form attached as Exhibit 3 set forth the expected Closing Date. If on the Closing Date, Seller is unable to give title, or to make

conveyance, or to deliver possession, all as herein provided, then Seller shall have the right to extend the Closing for a period (“**Seller’s Extension Period**”) of up to thirty (30) days by giving Buyer written notice of such extension.

7. **Independent Consideration.** Contemporaneously with the execution and delivery of this Agreement, Buyer has delivered to Seller and Seller hereby acknowledges the receipt of funds in the amount of One Hundred Dollars (\$100.00) (the “**Independent Contract Consideration**”), which amount the Parties bargained for and agreed to as consideration for Buyer’s right to purchase the Property pursuant to this Agreement and for Seller’s execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, and is fully earned and shall be retained by Seller notwithstanding any other provision of this Agreement.

8. **Buyer's Contingencies.** Buyer's obligation to consummate the transaction contemplated hereby are subject to the satisfaction or waiver, on or before the Closing Date of the following conditions precedent (collectively, "**Buyer's Contingencies**"), which are for Buyer’s benefit only:

(a) **Title Review.** Seller has caused the Title Company to deliver to Buyer a preliminary title report dated April 9, 2014 (the “**Report**”) describing the title to the Property. As part of the joint Escrow Instruction set forth in Exhibit 3, the exceptions which Buyer will permit to remain on title (the “**Permitted Exceptions**”) shall be set forth therein. The Permitted Exceptions shall include lien (or liens) to secure payment of real estate taxes or assessments and all other state, county and local taxes, charges, and bonds (general, special or otherwise), imposed or assessed, which are not yet due or payable and any recorded easement interests held by entities other than City or the Authority. Buyer shall be satisfied with title to the Property, subject only to the Permitted Exceptions, as reflected in the Report, by the Closing Date.

(i) **Financing Lease.** The Property is currently encumbered by a certain lease related to financing of the Property between City and the Authority. As a condition to Closing, Seller shall remove such lease from title using the form attached hereto as Exhibit 6, which is attached and incorporated herein.

(ii) **Property Agreements.** The Property is currently subject to a certain sewer line easement and party wall agreement, which burdens and benefits the Property. As the successors in interest in ownership of the Property and the adjacent parcel, the Authority and an affiliate of Buyer, The Saca Revocable Trust, have the requisite authority to terminate these agreements. As a condition to Closing, Seller will remove such easement and agreement from title, subject to the cooperation of Buyer’s affiliate, using the form attached hereto as Exhibit 7, which is attached and incorporated herein.

(b) **Inspections and Studies.** Buyer has investigated the suitability of the Property for Buyer’s intended uses. Said investigation may have covered, without limitation, budgetary limitations and funding availability, Subdivision Map Act requirements, zoning,

availability and cost of providing utilities, sewers and storm drains, topographic studies, and environmental site assessments.

(c) **Representations and Warranties.** All representations and warranties of Seller contained herein shall be materially true and correct as of the Effective Date with the same effect as if those representations and warranties were made at and as of the Closing.

(d) **No Default.** As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(e) **Title Insurance and Possession.** The close of the Escrow and Buyer's obligation to purchase the Property are subject to the following conditions precedent:

(i) The conveyance to Buyer of good and marketable fee title to the Property, as evidenced by a standard form American Land Title Association ("ALTA") title insurance policy in the amount of the Purchase Price and containing endorsements reasonably required by Buyer ("**Buyer's Title Policy**"), insuring fee simple title, which is free and clear of all liens and encumbrances subject only to the Permitted Exceptions.

(ii) Delivery of possession of the Property to Buyer immediately on Closing, free and clear of all prior uses and/or occupancies, and such other matters as Buyer has approved pursuant to the provisions of this Agreement.

9. Seller's Contingencies. At Closing and Seller's obligations with respect to the transactions contemplated by this Agreement are subject to the timely satisfaction or waiver of the following conditions precedent ("**Seller's Contingencies**"), which are for Seller's benefit only. If this Agreement is not terminated, then Seller shall be deemed to have waived all of Seller's Contingencies, this Agreement shall remain in full force and effect, and the Closing shall occur subject to the terms and conditions of this Agreement.

(a) **Representations and Warranties.** All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the date made and as of each Closing with the same effect as if those representations and warranties were made at and as of each Closing.

(b) **No Default.** As of Closing, Buyer shall not be in default in the performance of any material covenant or agreement to be performed by Buyer or Buyer's affiliate The Saca Revocable Trust under this Agreement.

10. Seller's Deliveries to Escrow Holder.

(a) **Seller's Delivered Items.** At least one (1) business day before the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("**Seller's Delivered Items**"):

(i) Deeds. The Authority to City Quitclaim Deed in the form attached as Exhibit 4 and the City to Buyer Grant Deed in the form attached as Exhibit 5. The title transferred hereunder shall be subject to all real property taxes and assessments and all other state, county and local taxes, charges, and bonds (general, special or otherwise), imposed or assessed, which are not yet due and payable as of the Closing Date, matters ascertainable by a reasonable inspection and survey of the Property, and the Permitted Exceptions as described herein and in Exhibit 3.

(ii) Title Affidavit. A customary "seller's affidavit" as may reasonably be required by Title Company in connection with issuance of Buyer's Title Policy with elimination of certain pre-printed exceptions.

(iii) Further Documents or Items. The Release of Financing Lease in the form attached as Exhibit 6, the Termination of Easement and Party Wall Agreement in the form attached as Exhibit 7, and any other documents or items reasonably required to close the transactions contemplated herein.

(b) **Failure to Deliver**. If Seller shall default in its obligation to deliver any of the Seller's delivered items and Seller's counterparts to the jointly delivered items into Escrow timely in accordance with the terms hereof, then Buyer shall be entitled to pursue any and all rights available to Buyer hereunder, at law or in equity.

11. Buyer's Deliveries to Escrow.

(a) **Buyer's Delivered Items**. At least one (1) business day before the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following ("**Buyer's Delivered Items**"):

(i) Funds. The Purchase Price as defined in Section 3 of this Agreement, plus Buyer's share of closing costs and charges (as defined in Section 13 below) and Buyer's share of prorations set forth on the Proration and Expense Schedule (as defined in Section 14 below).

(ii) Preliminary Change of Ownership Report. A Preliminary Change of Ownership Report fully completed by Buyer (the "**Preliminary Change of Ownership Report**").

(iii) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement, on the part of each individual or entity comprising Buyer, and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or Title Company.

(iv) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement.

(b) **Failure to Deliver**. If Buyer shall default in its obligation to deliver any of the Buyer's delivered items and Buyer's counterparts to the jointly delivered items into

Escrow timely in accordance with the terms hereof, then Seller shall be entitled to pursue any and all rights available to Seller hereunder, at law or in equity.

12. Joint Deposits Into Escrow. On or before one (1) business day before the Closing Date, Seller and Buyer shall execute, acknowledge where required, complete required insertions, and jointly deposit into Escrow two (2) original counterparts of the following documents:

(a) **General Assignment and Bill of Sale.** General Assignment and Bill of Sale in the form attached hereto as Exhibit 2.

(b) **Closing Statement.** Closing Statement in a form reasonably acceptable to Buyer and Seller showing the allocation of Buyer's Costs, Seller's Costs, Escrow Expenses as defined in Section 13, Prorations as defined in Section 14, and disbursements to be made by Escrow Holder.

13. Costs and Expenses. Should Buyer terminate this Agreement, Buyer will be responsible for any escrow costs incurred by Escrow Holder.

(a) **Seller's Costs.** If the transactions contemplated hereby are consummated, then Seller shall bear the following costs and expenses at Closing: (i) one-half (½) of Escrow Holder's fee; (ii) Seller's share of prorations; (iii) the cost of recording all releases and other documents to remove all monetary liens, if any, and the Financing Lease that are recorded against the Property and the cost of recording all other documents that Seller desires to record; (iv) all of the document recording fees for the City Quitclaim Deed and the City to Buyer Grant Deed; and (v) all County and City transfer taxes, if required (collectively, "**Seller's Costs**").

(b) **Buyer's Costs.** If the transactions contemplated by this Agreement are consummated, then at each Closing Buyer shall bear the following costs and expenses: (i) an ALTA standard coverage owner's title policy and any endorsements being paid by Buyer; (ii) one-half (½) of Escrow Holder's fee; (iii) Buyer's share of prorations; and (iv) all title policy insurance costs for any Deed of Trust (collectively, "**Buyer's Costs**").

(c) **General Expenses.** Buyer and Seller shall pay, respectively, Escrow Holder's customary and reasonable charges to buyers and sellers for document drafting, recording and miscellaneous charges. If, through no fault of either Buyer or Seller, Escrow fails to close, Buyer and Seller shall share equally all of Escrow Holder's fees and charges; however, if the Closing fails to close as the result of the default of either Party, then such defaulting party shall bear the related Escrow Holder's fees and expenses. Each Party shall bear the costs of its own attorneys and consultants in connection with the negotiation and preparation hereof and the consummation of the transactions contemplated hereby. All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in Sacramento County, California. The items provided in this subsection (c) are hereinafter referred to as "**General Expenses**."

14. Prorations. Income (if any) and expenses relating to the Closing of the Property will be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date. Prorations shall be governed by the provisions of this Section 14. Not less than three (3) business days before the Closing Date, Escrow Holder shall deliver to Buyer and Seller a tentative schedule of prorations ("**Proration and Expense Schedule**") for Buyer's and Seller's respective approval. If any prorations made under this Section 14 shall require final adjustment after Closing, then the Parties shall make the appropriate adjustments promptly when accurate information becomes available and either Party hereto shall be entitled to an adjustment to correct the same. To the extent it exceeds \$250.00, any corrected or adjustment proration shall be paid promptly in cash to the Party entitled thereto.

(a) **Property Taxes.** All general and special real and personal property and ad valorem taxes, assessments and all other state, county and local taxes, charges, and bonds (general, special or otherwise), imposed or assessed, if any, whether payable in installments or not, including, without limitation, all supplemental taxes attributable to the period prior to the Closing for the calendar year in which the Closing occurs, shall be prorated to the Closing Date, based on the latest available tax rate and assessed valuation.

(b) **Utility Charges and Service Contracts.** Seller shall make arrangements with the utility companies to terminate such utility services as of the date of the Closing Date and shall be responsible for the payment of all final bills (relating to the period up to the Closing) after the Closing upon receipt of the final bills. All utility charges and payments required under service contracts which are not terminated prior to the Closing Date shall be prorated as of the Closing Date and Buyer shall obtain a final billing thereafter. All utility security deposits, if any, shall be retained by Seller. After Closing, all costs associated with any changes to any utility systems and services and the costs of resuming such utility systems and services for the Property for the period after Closing shall be the full responsibility of Buyer. The preceding sentence shall survive Closing.

15. Closing Procedure. When Title Company is ready to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow with respect to the Closing in the manner and order provided below.

(a) **Date; Counterparts.** Escrow Holder shall date all instruments as of the date of the Closing (if not dated), and combine all counterparts of instruments delivered to Escrow Holder in counterparts.

(b) **Document Recordation.** Escrow Holder shall record the Authority and City Deeds in the Official Records of the Recorder's Office (the "**Official Records**").

(c) **Preliminary Change of Ownership Report.** Escrow Holder shall submit the Preliminary Change of Ownership Report to the Recorder's Office concurrently with the submission of the Deeds for recordation.

(d) **Notification; Disburse Funds.** Escrow Holder shall provide telephonic notice to Buyer and Seller (and their respective counsel) that the Closing has occurred,

deliver final Closing Statement delivered into Escrow in accordance with Section 16 hereof to each Party by facsimile, and disburse funds. In disbursing funds, Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs, Seller's Costs; prorate all matters based upon the agreed upon Proration and Expense Schedule and the balance of the Purchase Price for the Property to Seller; and disburse the remaining funds, if any, to Buyer.

(e) **Title Policy.** Escrow Holder shall cause Title Company to issue the Buyer's Title Policy to Buyer in accordance with the Escrow Instructions set out in Exhibit 3.

(f) **Informational Reports.** Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

16. Post-Closing Instructions. Promptly after the Closing, Escrow Holder shall deliver the following instruments:

(a) **To Seller.**

- (i) The recorded original of the Authority to City Quit Claim Deed;
- (ii) One (1) copy of the City to Buyer Grant Deed;
- (iii) One (1) fully-executed original of the General Assignment;
- (iv) One (1) copy of the full-executed original of the Termination of Easement and Party Wall Agreement; and
- (v) One (1) copy each of the Preliminary Change of Ownership Report, the Documentary Transfer Tax Statement, and the final Closing Statement.

(b) **To Buyer.**

- (i) The recorded original of the City to Buyer Grant Deed;
- (ii) One (1) copy of the Authority to City Quit Claim Deed;
- (iii) One (1) fully-executed original of the General Assignment;
- (iv) One (1) fully executed original of the Termination of Easement and Party Wall Agreement; and
- (v) One (1) copy each of the Preliminary Change of Ownership, the Report Documentary Transfer Tax Statement, and the final Closing Statement.

(c) **To Counsel.** Copies of all documents delivered to Buyer and Seller following the Closing.

17. Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes

the following representations and warranties as of the Effective Date and as of the Closing. By execution hereof, Buyer acknowledges and agrees that, with the exception of those representations and warranties set forth herein, Seller has not made, does not make, and specifically negates and disclaims any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past or present (relative to the execution of this Agreement), with regard in any way to the transactions described herein, each of which is material and is being relied upon by Buyer and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder.

No person acting on behalf of Seller is authorized to make any representations or warranties of any kind or character whatsoever, with the exception of those representations and warranties set forth herein, whether express or implied, oral or written, past, present or future, with regard to the Property, including without limitation: (i) its value; (ii) its nature, condition or quality (including, without limitation, its water, soil and geology); (iii) its compliance with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (iv) its suitability for activities which Buyer may desire to conduct thereon; (v) its suitability for the development, remodeling or improvements desired by Buyer, or the ability of Buyer to develop, remodel or improve the Property for the Metropolitan Project; (vi) the income to be derived from the Property; (vii) the habitability, merchantability, profitability, or fitness for a particular purpose of the Property; (viii) the environmental condition of the Property; and (ix) the manor, quality, state of repair or lack of repair of any improvements on the Property.

Without limiting the foregoing limitations, and in consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer, and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder.

(a) **Power.** Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.

(b) **Requisite Action.** All requisite action (including, without limitation, approval by the Sacramento City Council and all other pertinent review and approval or otherwise) has been taken by Authority and City in connection with entering into this Agreement as of the Effective Date and the instruments referenced herein, and to consummate the transactions contemplated by this Agreement. No additional consent of any individual, officer, director, shareholder, partner, member, manager, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required for Seller to execute this Agreement and the instruments referenced herein or to consummate the transactions contemplated hereby.

(c) **Individual Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(d) **No Conflict.** Neither the execution nor delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transactions contemplated herein, nor compliance with the terms hereof or the documents or instruments referenced herein or therein conflict with or will result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affects the Property.

(e) **Third Party Notices and Consents.** The assignment of the Personal Property as set forth in the General Assignment does not require notice to or the consent of any governmental entity or private party.

(f) **Specifically Designated National and Blocked Persons.** Seller (i) is not listed in the Annex to, or otherwise subject to the provisions of United States Presidential Executive Order 13224 issued on September 24, 2001 ("Executive Order"); (ii) does not have its name on the U.S. Department of the Treasury, Office of Foreign Assets Control's ("OFAC") most current list of "Specifically Designated National and Blocked Persons"; and (iii) is not otherwise affiliated with an entity or person listed above. This provision shall survive Closing.

(g) **Hazardous Materials.** Seller has made a good faith effort to find any and all information which Seller has in its possession regarding the potential presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances ("Hazardous Materials" as defined in Section 4), and underground storage tanks in, on or about the Property, and discloses to Buyer that to the best of its knowledge no such information exists. Buyer has obtained an asbestos inspection of the Property, which confirmed that such Hazardous Material exists within the building on the Property. Additionally, Seller has not received any notice from the United States Environmental Protection Agency or any other federal, state, county or municipal entity or agency that regulates Hazardous Materials or public health risks or other environmental matters or any other private party or person claiming any violation of, or requiring compliance with, any Environmental Laws or demanding payment or contribution for any Hazardous Materials in, on, under, upon or affecting the Property. Seller represents and warrants that to the best of its knowledge, there is no proceeding or inquiry by any governmental authority (including, without limitation, the State of California Department of Toxic Substances Control and the Sacramento County Environmental Management Agency) with respect to the presence of such Hazardous Materials on or under the Property. However, Seller does not warrant that the prior occupants of that building on the Property, including the City, did not release Hazardous Materials and due to the age of the building on the Property, it may also contain lead paint.

(h) **Natural Hazards Disclosures.** Seller makes no representation or warranty with regard to disclosures required under the following statutes. As of the Closing, to the extent permitted by law, Buyer shall be deemed to have knowingly, voluntarily and intentionally waived the right to the disclosures ("**Natural Hazards Disclosures**") set forth in: (i) California Government Code Section 8589.3 (a special flood area); (ii) California

Government Code Section 8589.4 (dam failure inundation area); (iii) California Government Code Section 51183.5 (earthquake fault zone); (iv) California Public Resources Code Section 2621.9 (seismic hazard zone); (v) California Public Resources Code Section 4136 (wildland fire area); and (vi) California Public Resources Code Section 2694 (high fire severity area). This waiver by Buyer includes, to the extent permitted by law, any remedies Buyer may have for Seller's nondisclosure of the Natural Hazards Disclosures. At its sole discretion and expense, Buyer may elect to engage a consulting firm to conduct a natural hazards audit to ascertain whether or not the Property is subject to any natural hazards.

(i) **Third Party Payments.** To Seller's actual knowledge, all bills and claims for labor performed or materials furnished to or for the benefit of the Property for all periods of time prior to the Closing have been paid in full and there are no mechanics' or materialmen's liens (whether or not perfected) on or affecting the Property.

(j) **Liens.** There is no lien or debt of any kind encumbering the Property that would need to be assumed by Buyer.

(k) **Defaults.** Seller is not in default under any contracts, leases, agreements, easements or any other documents or instruments relating to or affecting this Agreement or the Property.

(l) **Lawsuits.** To the best of Seller's knowledge, there is no pending or threatened suit, claim, action or arbitration, or legal, administrative, or other proceeding or governmental investigation, formal or informal, including but not limited to personal injury, eminent domain, condemnation, or any judgment, or moratorium which affects the Property or Buyer's anticipated development of the Property.

18. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing. By execution hereof, Seller acknowledges and agrees that, with the exception of those representations and warranties set forth herein, Buyer has not made, does not make, and specifically negates and disclaims any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future (relative to the execution of this Agreement), with regard in any way to the transactions described herein. Each of the following Buyer representations and warranties each of which is material and is being relied upon by Seller, and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder.

(a) **Power.** Buyer's legal entity is in good standing with the Secretary of the State of California and Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.

(b) **Requisite Action.** All requisite action (corporate, partnership, trust or otherwise) has been taken by Buyer in connection with entering into this Agreement and the

instruments referenced herein, and consummating the transactions contemplated hereby. No additional consent of any individual, officer, director, shareholder, partner, member, manager, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required for Buyer to execute this Agreement and the instruments referenced herein or to consummate the transactions contemplated hereby.

(c) **Individual Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(d) **No Conflict.** Neither the execution or delivery hereof and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transactions contemplated herein, nor compliance with the terms hereof and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party.

19. Remedies. In the event that either Party must enforce this Agreement, the other Party shall be responsible for all reasonable fees, costs and expenses (including, without limitation, reasonable attorneys' fees and legal costs whether incurred in-house or through outside counsel) incurred by the enforcing Party to enforce the provisions of this Agreement and to collect any outstanding sums due from the other Party, including, without limitation, attorney's fees, if they are the prevailing party.

(a) **Remedies Upon Seller's Default.** If Seller fails to allow for the Closing of the Property as contemplated hereby in a timely manner because of a default by Seller (and Buyer is not in default hereunder), then Buyer may (i) terminate this Agreement by delivery of written notice to Seller and Escrow Holder, or (ii) purchase the Property (or if necessary, seek specific performance hereof) provided that Seller shall be provided ten (10) business days to cure such default.

(b) **Remedies Upon Buyer's Default.** If Buyer fails to allow for the Closing as contemplated herein because of a Buyer default, then the Seller may terminate this Agreement by delivery of written notice to Buyer and Escrow Holder, provided that Buyer shall be provided ten (10) business days to cure such default.

20. General Provisions.

(a) **Damage to Property.** If, prior to Closing, all or any portion of the Property to be conveyed is damaged by earthquake, flood, fire or other casualty (collectively "**Damage**"), Seller shall immediately notify Buyer of such Damage. Buyer shall nonetheless proceed with the Closing and take the Property with such Damage.

(b) **Condemnation.** If (i) any portion of the Property not previously conveyed to Buyer shall be taken or appropriated by a public or quasi-public authority exercising the

power of eminent domain, (ii) there is any taking of land lying in the bed of any street, road, highway or avenue, open or proposed, in front of or adjoining all or any part of the Property not previously conveyed to Buyer, or (iii) there is any change of grade of such street, road, highway or avenue, then Buyer shall proceed with the purchase of the Property and receive all of the award or payment made in connection with such taking.

(c) **Notices.** All notices, demands, requests or other communications required or permitted hereunder (collectively, "**Notices**") shall be in writing, shall be addressed to the receiving party, with a copy to such party's counsel, if any, as provided in the Section 1, the "**Defined Terms**", and shall be personally delivered, sent by overnight mail (FedEx® or another carrier that provides receipts for all deliveries), or sent by certified mail, postage prepaid, return receipt requested. All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver due to changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder. Buyer and Seller agree that Notices may be given hereunder by the parties' respective counsel, and that, if any communication is to be given hereunder by Buyer's or Seller's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Section.

(d) **Brokers.** Each Party hereto hereby represents and warrants to the other that it has dealt with no broker or finder in connection with these transactions. Each Party hereto agrees to indemnify, defend and hold harmless the other Party from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and court costs) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection herewith or transaction contemplated hereby. The foregoing indemnity shall survive both the Closing or the termination hereof.

(e) **Assignment.** This Agreement may not be assigned without the other Party's consent.

(f) **Survival.** All covenants, representations, warranties, releases, waivers and indemnities set forth herein shall, as of the Closing Date, merge with the Closing upon the acceptance and recording of the City Grant Deed to Buyer. Notwithstanding the aforementioned, the provisions of this Agreement which expressly survive Closing shall so survive.

(g) **Cooperation.** Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be reasonably required in order to consummate the purchases and sales herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof. Additionally, Seller will grant a right of entry as may be reasonably required for the Buyer to undertake its inspections of the Property.

(h) **Computation of Time Periods.** Time is of the essence of every provision herein contained. All references herein to a particular time of day shall be deemed to refer to Sacramento, California time. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. The term "business day" as used herein shall mean each day other than a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(i) **Counterparts; Facsimile Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) **Captions.** Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) **No Obligations to Third Parties.** Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the Parties hereto.

(l) **Exhibits and Schedules; Section References.** The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes. References to numbered sections are references to sections of this Agreement unless otherwise indicated.

(m) **Amendment to this Agreement.** The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the Parties hereto.

(n) **Waiver.** The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(o) **Applicable Law.** The Agreement was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

(p) **Mediation of Disputes.** Except as otherwise specifically set forth in this Agreement, in the event that any claim or controversy arises from this Agreement or its breach, then the Parties shall attempt to mediate such controversy for a period of thirty (30)

days after the controversy arises. The Parties shall use an experienced mediator in connection with such mediation, and shall split equally the cost of such mediator.

(q) **Entire Agreement.** This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the Party to be bound thereby.

(r) **Construction.** The Parties hereby acknowledge and agree that (i) each Party hereto is of equal bargaining strength; (ii) each Party has actively participated in the drafting, preparation and negotiation of this Agreement; (iii) each Party has consulted with such Party's own independent counsel and such other professional advisors as such Party has deemed appropriate, relating to any and all matters contemplated under this Agreement; (iv) each Party and such Party's counsel and advisors have reviewed this Agreement; (v) each Party has agreed to enter into this Agreement following such review and the rendering of such advice; and (vi) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

(s) **Possession.** Possession of the Property shall be delivered to Buyer on the Closing Date.

[Signatures begin on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

SELLER:

CITY OF SACRAMENTO, a municipal corporation

By: _____
John F. Shirey, City Manager

Approved as to Form:

By: _____
Senior Deputy City Attorney

Attest:

By: _____
Assistant City Clerk

BUYER:

SAC METROPOLITAN, LLC, a California Limited Liability Company

By:  _____

Name: John SACA

Title: MANAGER

Buyer's Counsel:

By: _____

Name: _____

Title: _____

EXHIBIT 1

Legal Description

The land situated in the County of Sacramento, City of Sacramento, State of California, described as follows:

The North 60 feet of Lot 6 in the block bounded by 10th and 11th and I and J Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0044-012

EXHIBIT 2

GENERAL ASSIGNMENT AND BILL OF SALE

THIS GENERAL ASSIGNMENT AND BILL OF SALE (this "**Assignment**") is made and dated as of _____, 2014 (the "**Effective Date**"), by the City of Sacramento, a municipal corporation, ("**Assignor**"), in favor of Sac Metropolitan, LLC, a California limited liability company ("**Assignee**").

RECITALS

Assignor is the owner of that certain real property located in the County of Sacramento, State of California, more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (together with all improvements thereon, the "**Real Property**"). Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated May 28, 2014 (the "**Purchase Agreement**"). Concurrently herewith, Assignor is conveying to Assignee Assignor's interest in the Real Property pursuant to a grant deed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **ASSIGNMENT.** Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee and Assignee hereby assumes all of Assignor's right, title, and interest in and to the following described property to the extent it relates solely to the Real Property (collectively, the "**Personal Property**"):

(a) **Tangible Personal Property.** All tangible personal property that is owned by Assignor, including, but not limited to, inventory, furniture, fixtures, equipment, machinery, appliances, fittings, and other removable or tangible articles of personal property of every kind and nature that are owned by Assignor and is or was used exclusively in the operation of the Real Property, including, without limitation, (i) furnishings, furniture, and equipment, (ii) art work and other decorative items, (iii) built-in appliances, (iv) office furniture and equipment, and all plans, specifications, drawings prepared for the construction of improvements on the Real Property, provided, that Personal Property shall not include track rails existing on Real Property. The Tangible Property is in a used condition, and Grantor makes no representations or warranties, express, implied or statutory, as to the condition or state of repair of the Tangible Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Tangible Personal Property is being sold to Grantee in its present "as is, where is" condition and with all faults. All such Personal Property is being transferred with the Real Property, and Seller has no obligation to remove such Personal Property.

(b) **Contracts.** All contracts listed below and attached hereto and incorporated herein (collectively, the "**Contracts**"):

None

(c) *Entitlements.* All rights, entitlements and/or approvals to develop the Real Property which have been or may hereafter be granted by governmental bodies having jurisdiction or authority over the Real Property, and any certificates evidencing compliance therewith, including, without limitation, all variances, conditional use permits, special permits, exceptions, rezonings, general plan amendments, parcel maps, tentative maps, development agreements, permits, licenses, applications, any other governmental approvals and consents (if any) relating to the Real Property.

2. GENERAL.

(a) *Attorneys' Fees.* If either Assignor or Assignee brings any action or suit against the other for any matter relating to or arising out of this Assignment, or the Personal Property, or if either party appears in any bankruptcy proceeding relating to the other party arising from a dispute under this Assignment, then the prevailing party in such action, suit, or proceeding, whether by final judgment or out of court settlement, shall be entitled to recover from the other party all costs and expenses of suit, including actual attorneys' fees. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including actual attorneys' fees incurred in enforcing, perfecting, and executing such judgment. For the purposes of this Section, such costs and expenses shall include, but not be limited to, in-house and outside attorneys' fees, costs and expenses incurred in such action, suit, or proceeding, including, but not limited to the following: (i) post-judgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examinations; (iv) discovery; (v) bankruptcy proceeding and litigation (including post-petition proceedings); and (vi) appeals.

(b) *Successors and Assigns.* This Assignment shall be binding on the parties hereto and shall inure to the benefit of their respective heirs, successors, and assigns.

(c) *Governing Law.* The Assignment was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

(SIGNATURES ON NEXT PAGE)

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

ASSIGNEE:
SAC METROPOLITAN,
LLC, a California limited liability company

ASSIGNOR:
CITY OF SACRAMENTO,
a municipal corporation

By: 
Print Name: John SACA
Title: MANAGER

By: _____
John F. Shirey, City Manager

Dated: MAY 12 2014

Dated: _____

APPROVED AS TO FORM:

BY: _____
Senior Deputy City Attorney

ATTEST:

By: _____
Assistant City Clerk

EXHIBIT 3

ESCROW INSTRUCTIONS

May 28, 2014

Fidelity National Title Company
Commercial & Industrial Division
8950 Cal Center Drive, Bldg 3, Suite 100
Sacramento, CA 95826
Attention: Paul Avila
PAvila@fnf.com

**Re: Conveyance of that certain real property located at 921 10th Street in the City and County of Sacramento, State of California (the “Property”).
Your Escrow No. 13-5015616-PA (the “Escrow”).**

Dear Paul:

This letter constitutes the joint escrow instructions of the City of Sacramento, a municipal corporation (“City” or “Seller”) and Sac Metropolitan, LLC, a California limited liability company (“Saca” or “Buyer”) to Fidelity National Title Company (alternatively referred to herein as “Escrow Holder” or “Title Company”), with respect to the transfer of that certain real property located in the City and County of Sacramento, State of California, as described in Exhibit A (the “Property”) of the Purchase Agreement (as hereinafter defined), a copy of which is attached.

The Purchase Agreement.

These Escrow Instructions relate to that certain Purchase and Sale Agreement, dated as of May 28, 2014 (the “Purchase Agreement”), by and between the Seller and Buyer. Capitalized terms not defined herein shall have the meaning ascribed to them in the Purchase Agreement. The transfer of the Property is to be consummated through the Escrow.

I. The Transaction.

Fee simple, free and clear title to the Property shall be conveyed directly to Buyer from Seller by Grant Deed (the “Grant Deed”), after City has obtained title to the Property from the Sacramento City Financing Authority, a joint power authority (“Authority”).

A. The Authority obtained title to the Property from the Sacramento City Public Facilities Financing Corporation (“Corporation”) by quit claim deed dated June 8, 1993, which was recorded on August 23, 1993. The Corporation and the City of Sacramento entered into the Project Lease for the Plaza Building located at 921 10th Street (City

Agreement No. 88266), that was entered into on June 1, 1989 and recorded on June 21, 1989 as Instrument No. 141121 in Book 89-0621 at Page 1916 (the “**Lease**”). The Authority became the successor in interest to the Lease when it acquired title to the Property. Under the terms of the Lease, at its expiration on May 31, 2009, title to the Property was to be transferred to the City. However, that transfer did not occur, so this transaction will include recording of a quit claim deed from the Authority to the City before the grant deed from the City to Saca is recorded.

B. The Authority will execute a Termination of Project Lease for recording, so that it is removed from title.

C. The Authority and The Saca Trust, an affiliate of Buyer which owns the adjacent parcel at 927 10th Street, will execute a Termination of Easement and Party Wall Agreement for recording, so the sewer line easement and the party wall agreement listed as items 7 and 8 in the Preliminary Title Report dated April 9, 2014 are removed from title.

D. In consideration of the obligations and covenants of Buyer set forth in the Purchase Agreement, Buyer shall pay to Seller at Closing the amount of Six Hundred Thousand Dollars (\$600,000) (the “**Purchase Price**”).

II. Instructions.

A. Documents to Be Received in Escrow: Prior to and as a condition of closing the Escrow, you shall confirm receipt of the following documents, which may be executed in counterparts:

1. One (1) original Quit Claim Deed from Authority in favor of City.
2. One (1) original Grant Deed in favor of Buyer (executed and acknowledged by Seller);
3. One (1) original General Assignment and Bill of Sale (executed by Buyer and Seller) (the “**General Assignment**”);
4. One (1) original Termination of Project Lease executed by the Authority (the “**Release of Financing Lease**”);
5. One (1) original Termination of Easement and Party Wall Agreement (executed by the Authority and The Saca Trust;
6. One (1) Form 1099-S, executed by Buyer (the “**1099**”);
7. Such additional documents as may be required by you to establish to your satisfaction the authority of Buyer, Seller, and any persons signing documents on their behalf to complete this transaction.

B. Funds to Be Received in Escrow: Prior to and as a condition of closing the Escrow, you shall confirm receipt from Buyer of funds (the “**Funds**”) in the amount of the Purchase Price.

III. Conditions to Closing.

Escrow Holder is authorized and instructed to close the Escrow and complete the transactions described herein when and only when all of the following conditions have been satisfied:

A. You have received written confirmation from Seller and Buyer that they have reviewed and approved a final closing statement prepared by you and approved by Seller and Buyer (the “**Final Statement**”);

B. Escrow Holder has returned to Bill Sinclair, on behalf of Seller and the undersigned, on behalf of Buyer, a facsimile copy of this letter duly executed on behalf of Escrow Holder in the space provided below, with an original to follow by mail at the address listed above;

C. Escrow Holder has received all of the above described documents, instruments and Funds, and shall have confirmed that all such documents are fully executed, in recordable form (if such documents are to be recorded) and that all exhibits have been attached thereto, including, without limitation, the legal descriptions;

D. The Title Company is irrevocably committed and prepared to issue, and immediately upon Closing does issue, to Buyer as the insured, an ALTA Owner’s Policy, with coverage in the amount of Six Hundred Thousand Dollars (\$600,000), insuring that free and clear fee simple title to the Property is vested in Buyer (the “**Owner’s Policy**”); and

E. Escrow Holder is in a position to comply with all instructions provided in connection with this Escrow and you are ready, willing and able to close the Escrow in accordance with such instructions and you receive oral or written confirmation from Bill Sinclair, on behalf of Seller and Diana Saca, on behalf of Buyer, authorizing you to close this transaction.

III. Close of Escrow.

Escrow Holder is authorized to close the Escrow on the Closing Date (as defined in Section V below). On the Closing Date, Escrow Holder is to accomplish the following tasks, in the following order:

A. Verify that all documents are in recordable form and have all exhibits attached;

B. Attach the legal description to the documents as applicable;

C. Compile originals of any document delivered to you in counterparts, and verify that such documents are all fully executed and acknowledged where necessary for recording;

D. Insert the Closing Date into the various documents that have a blank space for the date;

E. Record the documents referenced below in the Official Records of Sacramento County in the following order:

1. Release of Financing Lease;
2. Termination of Easement and Party Wall Agreement;
3. Authority Quit Claim Deed to City; and
4. Grant Deed from City to Buyer.

Wire to the account of Buyer pursuant to separate wiring instructions the Purchase Price less recording charges and costs, title exam fees, if any, escrow and other closing charges, costs and prorations, in such amount as provided in the Purchase Agreement and set forth on the Final Statement;

F. Issue the ALTA Owner's Policy;

G. Issue the Final Statement, certified by Escrow Holder; and

H. Within three (3) days of the Closing Date, Escrow Holder is to:

1. Deliver signed originals of the Quit Claim Deed, Release of Financing Lease, and a copy of the Grant Deed, General Assignment, Termination of Easement and Party Wall Agreement, and any other documents where originals are not available to: The City of Sacramento, Real Estate Services, 5730 24th Street, Bldg. 4, Sacramento CA 95822, on behalf of Seller; and

2. Deliver the original of the Grant Deed, General Assignment, Termination of Easement and Party Wall Agreement, and Owner's Policy, and copies of the Quit Claim Deed, Release of Financing Lease, and any other documents where originals are not available to: Saca Law & Associates, Attn: Diana Saca, 501 Arkansas Street, San Francisco, CA 94107, on behalf of Buyer.

IV. Closing Costs.

The Purchase Price, escrow fees, title insurance premiums and other closing costs and charges shall be allocated in accordance with the Purchase Agreement and set forth on the Final Statement.

V. Time for Close of Escrow.

Escrow Holder is to close the Escrow on the "Closing Date" which shall be the earliest date on which Escrow Holder is able to comply with all of the conditions and requirements of the escrow instructions for the parties, but in any event on or before 5:00 p.m. Pacific Time on June 13, 2014. In the event that the Escrow is not consummated on or before June 13, 2014, you are directed to request further instructions from Bill Sinclair, on behalf of Seller, and John Saca or the undersigned, on behalf of Buyer, prior to closing the Escrow or terminating the Escrow.

VI. Permitted Title Insurance Exceptions.

Buyer hereby agrees to permit the following exceptions to the ALTA owner's title insurance as listed in the Preliminary Title Report dated April 9, 2014:

Items 1 through 6, 9, 14 and 15

Please sign and return to the undersigned a copy of this letter of instructions, which signature shall serve to acknowledge your receipt and acceptance of these instructions. These instructions must be fully executed without deviation except to the extent that the instructions are amended by the undersigned. Thank you for your assistance with this matter.

Very truly yours,

Diana M. Saca
Managing Member of
Sac Metropolitan, LLC

On behalf of Seller, the undersigned hereby joins in the foregoing escrow instructions.

The City of Sacramento,
a municipal corporation

Very truly yours,

John F. Shirey
City Manager

Attachment: Purchase and Sale Agreement and Joint Escrow Instructions

ACCEPTANCE BY ESCROW HOLDER

On behalf of Fidelity National Title Company, a _____ corporation, hereby acknowledges that it has received a fully executed copy of the foregoing Escrow Instructions and the Purchase and Sale Agreement and Joint Escrow Instructions by and between the City of Sacramento, as Seller, and Sac Metropolitan, LLC, as Buyer, and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder. Escrow Holder shall execute two (2) originals of this Acceptance by Escrow Holder and deliver one (1) original to Seller and Buyer promptly following the opening of Escrow.

Dated: _____, 2014

Fidelity National Title Company,
a _____ corporation

By: _____

Name: _____

Title: _____

EXHIBIT 4

AUTHORITY TO CITY QUIT CLAIM DEED FORM

**RECORDING REQUESTED BY AND
AND FOR THE BENEFIT OF
CITY OF SACRAMENTO**

**NO FEE DOCUMENT
Government Code Section 6103**

**Grantor is a government agency and is Exempt
from the payment of Transfer Tax pursuant to
Revenue and Taxation Code Section 11922**

WHEN RECORDED MAIL TO:

City of Sacramento
Real Estate Services Division
5730 24th Street, Bldg 4
Sacramento CA 95822
Attention: Bill Sinclair, Asset Manager

(Space Above for Recorder's Use)

QUIT CLAIM DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the SACRAMENTO CITY FINANCING AUTHORITY, a joint powers authority, ("**Grantor**"), hereby remises, releases and quitclaims to the CITY OF SACRAMENTO ("**Grantee**"), that certain real property situated in the City of Sacramento, County Sacramento, State of California, as described in Exhibit A, which is attached hereto and incorporated herein by this reference.

Grantor has caused this Grant Deed to be duly executed on _____,
2014.

GRANTOR:

SACRAMENTO CITY FINANCING
AUTHORITY, a joint powers authority

By: _____
John F. Shirey, City Manager

[Notary Acknowledgment Required]

Exhibit A
Legal Description

The land situated in the County of Sacramento, City of Sacramento, State of California, described as follows:

The North 60 feet of Lot 6 in the block bounded by 10th and 11th and I and J Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0044-012

REAL PROPERTY ACCEPTANCE

This is to certify that the City of Sacramento, a municipal corporation, acting by and through its City Manager and the Director of the Department of General Services, hereby accepts the real property, or interest therein, conveyed by the within document and consents to the recordation thereof. The undersigned is authorized to execute this acceptance by the Sacramento City Charter and by Resolution No. 2013-0339, passed and adopted by the City Council of Sacramento, October 22 2013, pursuant to Section 27281 of the Government Code of the State of California, and recorded in the office of the County Recorder of Sacramento County, in Book 20131210, Page 566, Official Records.

Dated: _____

REINA J. SCHWARTZ
Director, Department of General Services

EXHIBIT 5

CITY TO BUYER GRANT DEED FORM

**RECORDING REQUESTED BY AND
AND FOR THE BENEFIT OF
CITY OF SACRAMENTO**

**NO FEE DOCUMENT
Government Code Section 6103**

**Grantor is a government agency and is Exempt
from the payment of Transfer Tax pursuant to
Revenue and Taxation Code Section 11922**

WHEN RECORDED MAIL TO:

Saca Law & Associates
501 Arkansas Street
San Francisco, CA 94107
Attention: Diana Saca

(Space Above for Recorder's Use)

MAIL TAX STATEMENTS TO:

Sac Metropolitan, LLC
77 Cadillac Drive, Ste 150
Sacramento, CA 95825
Attention: John Saca

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF SACRAMENTO, a municipal corporation, ("**Grantor**"), hereby grants to SAC METROPOLITAN, LLC, a California Limited Liability Company, ("**Grantee**"), all right, title, and interest in and to that certain real property situated in the City of Sacramento, County Sacramento, State of California, as described in Exhibit A, which is attached hereto and incorporated herein by this reference.

Grantor has caused this Grant Deed to be duly executed on _____,
2014.

GRANTOR:

CITY OF SACRAMENTO, a municipal
corporation

By: _____
John F. Shirey, City Manager

[Notary Acknowledgment Required]

Exhibit A
Legal Description

The land situated in the County of Sacramento, City of Sacramento, State of California, described as follows:

The North 60 feet of Lot 6 in the block bounded by 10th and 11th and I and J Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0044-012

EXHIBIT 6
RELEASE OF FINANCING LEASE

NO FEE DOCUMENT:
Entitled to free recording
per Government Code 27383 and 6103

RECORDING REQUESTED BY:
City of Sacramento
City Hall
Attn: Economic Development Dept.
915 I Street, 4th Floor
Sacramento CA 95814

AND WHEN RECORDED MAIL TO:
City of Sacramento
Real Estate Services Division
Attn: Bill Sinclair, Asset Manager
5730 24th Street, Bldg 4
Sacramento CA 95822

SPACE ABOVE THIS LINE FOR RECORDER'S USE

TERMINATION OF PROJECT LEASE

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the SACRAMENTO CITY FINANCING AUTHORITY, a joint powers authority, ("Authority") and successor in interest to the Sacramento City Public Facilities Financing Corporation, which has been dissolved, ("Corporation"), hereby terminates the Project Lease between the Corporation and the City of Sacramento for the Plaza Building (City Agreement No. 88266) that was recorded on **June 21, 1989** as **Instrument No. 141121** in **Book 89-0621** at **Page 1916** in the office of the County Recorder of Sacramento County, California.

IN WITNESS WHEREOF, the Sacramento City Financing Authority has caused this instrument to be executed by its duly authorized officer on the date set forth below.

SACRAMENTO CITY FINANCING AUTHORITY,
a joint powers authority

By: _____
John F. Shirey, City Manager

Dated: _____

[attach notary acknowledgement]

EXHIBIT 7

TERMINATION OF EASEMENT AND PARTY WALL AGREEMENT

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383 and 6103

RECORDING REQUESTED BY:

City of Sacramento
City Hall
Attn: Economic Development Dept.
915 I Street, 4th Floor
Sacramento CA 95814

AND WHEN RECORDED MAIL TO:

Saca Law & Associates
501 Arkansas Street
San Francisco, CA 94107
Attn: Diana Saca

SPACE ABOVE THIS LINE FOR RECORDER'S USE

TERMINATION OF EASEMENT AND PARTY WALL AGREEMENT

WHEREAS, the property located at 921 10th Street was owned by The Improvement Order of Redmen's Hall Association ("Redmen") which was a party to two agreements. On October 5, 1906, Redman's granted an appurtenant easement for a four inch sewer line (the "Sewer Easement") to Peter Bohl, which was the adjacent property owner of the property located at 927 10th Street. On May 22, 1906, Peter Bohl entered into an agreement with Redman to allow Redman to erect a party wall (the "Party Wall Agreement") on the boundary of the abutting property at 927 10th Street owned by Mr. Bohl. According to historical records, the existing building located at 921 10th Street was constructed sometime between in 1906 and 1915.

WHEREAS, the SACRAMENTO CITY FINANCING AUTHORITY, a joint powers authority, ("Authority") currently owns the property located at 921 10th Street, and THE SACA REVOCABLE TRUST established March 20, 1986 ("Trust") currently owns the property located at 927 10th Street.

WHEREAS, the Authority and the Trust, the successors in interest and the obligees and beneficiaries of the foregoing agreements, desire to terminate the Sewer Easement and the Party Wall Agreement.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the Authority and the Trust hereby terminates the following agreements:

1. The Sewer Easement that was recorded on October 12, 1906 in Book 250 at Page 8 of Deeds in the office of the County Recorder of Sacramento County, California.
2. The Party Wall Agreement that was recorded on May 22, 1906 in Book 241 at Page 22 of Deeds in the office of the County Recorder of Sacramento County, California.

IN WITNESS WHEREOF, the Sacramento City Financing Authority and The Saca Revocable Trust has caused this instrument to be executed by its duly authorized officers on the date set forth below.

SACRAMENTO CITY FINANCING AUTHORITY

By: _____
John F. Shirey, City Manager

Dated: _____

THE SACA REVOCABLE TRUST

By: _____

Dated: _____

[attach notary acknowledgement]