

Meeting Date: 12/1/2015

Report Type: Consent

Report ID: 2015-01018

Title: Agreement: Modification to Brownfield Cleanup Loan Amendment for Curtis Park Village

Location: District 5

Recommendation: Pass a Motion approving the loan modification agreement for the \$900,000 Brownfield Cleanup Loan to Calvine Elk Grove-Florin, LLC for the Curtis Park Village Project.

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

Presenter: None

Department: Economic Development Dept

Division: Citywide Development

Dept ID:

Attachments:

- 1-Description/Analysis
- 2-Amended Loan Agreement
- 3-Amended Note
- 4-Amended Deed of Trust

City Attorney Review

Approved as to Form
Michael Sparks
11/20/2015 10:03:16 AM

Approvals/Acknowledgements

Department Director or Designee: Larry Burkhardt - 11/10/2015 8:25:57 AM

Description/Analysis

Issue Detail: In 1997, the City established a Brownfields Cleanup Revolving Loan Fund (“BCRLF”) program funded by the U.S. Environmental Protection Agency. The purpose of the BCRLF program is to provide loans and sub-grants to qualified projects to assist with the investigation and cleanup of contaminated sites within the City.

In 2009, the City approved a \$900,000 BCRLF loan to Calvine & Elk Grove-Florin, LLC (“Borrower”) for the environmental cleanup at the Curtis Park Village project. The loan was fully deferred for a five-year term with two percent simple interest-only payments due annually.

The loan was scheduled to mature on October 1, 2014, but the Borrower requested a one-year extension to October 1, 2015. That extension was approved by Council on September 23, 2014, and a new repayment date was established for October 1, 2015. Prior to the October 1, 2015 maturity date, the borrower again asked for an extension, this time for three years. The parties could not reach agreement on the terms of the loan extension prior to October 1, 2015, and the borrower did not pay off the loan.

Through continuing negotiations, the parties reached a proposed agreement for an extension of the loan. The attached loan documents reflect the new timeframe and additional terms as summarized below:

- Borrower must make a \$300,000 principal payment, plus \$13,322 in interest, within 5 calendar days of the effective date of the amendment to the loan agreement.
- The baseline interest rate for the loan is 2% and will be adjusted quarterly based on changes in the Consumer Price Index (U.S. City Average); however, the interest rate will never be less than 2%.
- Quarterly principal payments of \$8,333 plus interest are required for three years.
- At the end of three years, October 1, 2018, borrower will fully pay off the balance of the loan plus outstanding interest.

Policy Considerations: The BCRLF program supports the 2013 Economic Development Strategy goals to “Invest in Building Sacramento and Invest in Partners.”

Economic Impacts: Not applicable.

Environmental Considerations: These actions are administrative, organizational and fiscal matters that do not constitute a “project” under the California Environmental Quality Act (CEQA) Guidelines section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential to cause significant effect on the environment.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The borrower requested the three-year extension because of delays related to approval from the State Department of Toxic Substances Control for the groundwater remediation.

Financial Considerations: The proposed Loan Amendment requires a \$300,000 principal payment and extends the balance of the loan by three years. On October 1, 2018, the Borrower will be required to fully pay off the loan plus interest. When the funds are received, they will be returned to the Brownfields Revolving Loan Program Fund (Fund 2029) and be available for loans and sub-grants for other qualified projects within the City. No General Funds are involved in this transaction.

Local Business Enterprise (LBE): Not applicable.

SECOND AMENDMENT TO BROWNFIELD CLEANUP REVOLVING LOAN FUND PROGRAM LOAN
AGREEMENT FOR SITE REMEDIATION
(City Agreement 2009-1031-2)

This Second Amendment to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation (the “**Second Amendment**”), dated December 1, 2015, for purposes of identification, is between the City of Sacramento (“**Lender**”), a California municipal corporation, and Calvine & Elk Grove-Florin, LLC (“**Borrower**”), a California limited liability company.

Background

Lender made a loan to Borrower in the original principal amount of \$900,000 (the “**Loan**”). The Loan is evidenced by that certain Brownfields Cleanup Revolving Loan Fund Program loan agreement for site remediation between Lender and Borrower dated October 1, 2009, and identified as City Agreement 2009-1031, as amended by the First Amendment to Installment Promissory Note and to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation dated September 16, 2014, and identified as City Agreement 2009-1031-1 (collectively, the “**Loan Agreement**”).

The Loan is also evidenced by that certain installment promissory note dated October 1, 2009, as amended by the First Amendment to Installment Promissory Note and to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation dated September 16, 2014, and identified as City Agreement 2009-1031-1, payable to the Lender in the original principal amount of \$900,000 (collectively, the “**Note**”).

The indebtedness evidenced by the Note is secured by that certain Short Form Deed of Trust and Assignment of Rents made as of October 1, 2009, between Calvine & Elk Grove-Florin LLC, Petrovich Properties LLC, Fidelity National Title Company, and the City of Sacramento, as amended by the First Amendment Short Form Deed of Trust and Assignment of Rents dated September 16, 2014, between Calvine & Elk Grove-Florin LLC, Petrovich Properties LLC, and the City of Sacramento (collectively, the “**Deed of Trust**”).

Under the terms of the Note, the unpaid principal balance of \$900,000 and accrued and unpaid interest of \$13,266 were due and payable on October 1, 2015. As of the date of this Second Amendment, the outstanding unpaid principal balance of the Note remains \$900,000 and accrued and unpaid interest is \$16,263.

In order to facilitate repayment of the Loan, Borrower and Lender have agreed to modify the Loan Agreement and to amend and restate the Note and Deed of Trust as provided in this Second Amendment.

With these background facts in mind, the Borrower and Lender agree as follows:

1. **Conditions Precedent.** Lender is not obligated to execute this Second Amendment unless the following conditions are satisfied in full (to Lender’s satisfaction, in its sole discretion):

(a) **Execution and Delivery.** Borrower has (i) executed and delivered the Amended and Restated Promissory Note (the “**Amended and Restated Note**”), dated December 1, 2015, in the form attached as Exhibit 1, and (ii) delivered an Amended and Restated Short Form Deed of Trust and Assignment of

Rents (the “**Amended and Restated Deed of Trust**”) in the form attached as Exhibit 2 that has been executed by Borrower and Petrovich Properties LLC.

(b) **No Default.** No Event of Default exists.

(c) **Endorsement.** Fidelity National Title Company is unconditionally and irrevocably committed to issue a CTLA 110.5 endorsement to the Title Policy insuring that the Amended and Restated Deed of Trust will have the same priority as the Deed of Trust.

2. **Definitions.** All capitalized terms used in this Second Amendment, but not expressly defined in this Second Amendment, shall have the meanings ascribed to them in Loan Agreement and the Amended and Restated Note. All references to “Loan Agreement” or “AGREEMENT” constitute a reference to the Loan Agreement, as amended by this Second Amendment; all references to “Note” or “PROMISSORY NOTE” constitute a reference to the Amended and Restated Promissory Note; and, all references to “DEED OF TRUST” constitute a reference to the Amended and Restated Deed of Trust.

(a) “**Adjustable Interest Rate**” means an interest rate equal to the Baseline Interest Rate adjusted on the first day of each quarter using the Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, All Items (not seasonally adjusted, 1982 - 84 = 100 reference base) (the “**CPI**”), except as follows: if the adjustment results in an interest rate that is less than the Baseline Interest Rate, then the interest rate remains at the Baseline Interest Rate. To calculate the Adjustable Interest Rate, multiply 2.0 by a fraction with a numerator equal to the CPI for the last month of the immediately preceding quarter and a denominator equal to the CPI for October 2015 [237.838]. For the purposes of this Second Amendment, the four quarters that make up the year are January, February, and March (first quarter); April, May, and June (second quarter); July, August, and September (third quarter); and, October, November, and December (fourth quarter).

(b) “**Baseline Interest Rate**” means a 2.0% annual rate of simple interest.

3. **Loan Modification.** The Loan is modified as follows:

(a) Maturity is hereby extended to October 1, 2018.

(b) Borrower shall pay Lender the principal sum of NINE HUNDRED THOUSAND DOLLARS (\$900,000.00), together with interest on the unpaid principal balance, as specified in Schedule A of this Second Amendment. Interest is to be computed on the basis of a 365-day year and actual days elapsed as provided in Section 3.(c) of this Second Amendment.

(c) Beginning on October 1, 2015, the unpaid principal balance will accrue interest at the Baseline Interest Rate. Beginning on April 1, 2016, and continuing until Maturity, the unpaid principal balance will accrue interest at the Adjustable Interest Rate. If Borrower fails to pay any interest payments or the principal amount in full when they are due, whether before Maturity, at Maturity or by acceleration, the interest rate shall increase to a 7.0% annual rate of simple interest or the maximum rate allowed by law, whichever is lower.

4. **Amended and Restated Note.** The Loan shall be evidenced by Borrower’s Amended and Restated Note dated December 1, 2015.

5. **Amended and Restated Deed of Trust.** The indebtedness evidenced by the Amended and Restated Note shall be secured by the Amended and Restated Deed of Trust.

6. **Representations.** As a material inducement for Lender to enter into this Second Amendment, Borrower represents to Lender that:

(a) **No Offset, Defense, or Claim.** Borrower does not have (i) any offsets against the amounts payable under the Loan Agreement or Loan Documents; (ii) defenses to the payments of any amounts under the Loan Agreement or Loan Documents; or, (iii) claims against Lender in connection with the Loan Agreement or Loan Documents.

(b) **No Excuse or Waiver.** This Second Amendment does not excuse Borrower from any of its obligations under the Loan Agreement or Loan Documents or constitute a waiver by Lender of any of the provisions of the Loan Agreement or Loan Documents.

7. **Ratification and Reaffirmation.** The Loan Agreement, as amended by this Second Amendment, remains in effect. The terms of this Second Amendment will govern if any conflict exists between the terms the Loan Agreement and the terms of this Second Amendment.

8. **Severability.** If a court with jurisdiction rules that any nonmaterial part of this Second Amendment is invalid, unenforceable, or contrary to law or public policy, then the rest of this Second Amendment remains valid and fully enforceable.

9. **No Third-Party Beneficiaries.** This Second Amendment is solely for the benefit of Lender and Borrower. It is not intended to benefit any third parties.

10. **Effective Date.** This Second Amendment will not be effective until the date both parties have signed it, as indicated by the dates in the signature blocks below, or the date that Borrower delivers to Lender both the executed Amended and Restated Promissory Note and the Amended and Restated Deed of Trust, whichever occurs later.

(Signature Page Follows)

BORROWER:

CALVINE & ELK GROVE-FLORIN, LLC,
a California limited liability company

Date signed: 11/17/15

By: 
Name: Paul S. Petrovich
Its: Manager

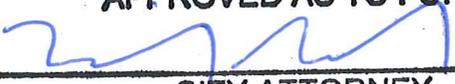
LENDER:

CITY OF SACRAMENTO, a California municipal
corporation

Date signed: _____

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:



CITY ATTORNEY

Schedule A

Payment Schedule

Payment Due Date	Principal	Outstanding Principal Balance	Interest/Interest Rate
See Note 1	\$300,000.00	\$600,000.00	\$13,266.00/Baseline Interest Rate
1/1/2016	\$ 8,333.00	\$591,667.00	\$12,000.00/Baseline Interest Rate
4/1/2016	\$ 8,333.00	\$583,334.00	TBD/Adjustable Interest Rate
7/1/2016	\$ 8,333.00	\$575,001.00	TBD/Adjustable Interest Rate
10/1/2016	\$ 8,333.00	\$566,668.00	TBD/Adjustable Interest Rate
1/1/2017	\$ 8,333.00	\$558,335.00	TBD/Adjustable Interest Rate
4/1/2017	\$ 8,333.00	\$550,002.00	TBD/Adjustable Interest Rate
7/1/2017	\$ 8,333.00	\$541,669.00	TBD/Adjustable Interest Rate
10/1/2017	\$ 8,333.00	\$533,336.00	TBD/Adjustable Interest Rate
1/1/2018	\$ 8,333.00	\$525,003.00	TBD/Adjustable Interest Rate
4/1/2018	\$ 8,333.00	\$516,670.00	TBD/Adjustable Interest Rate
7/1/2018	\$ 8,333.00	\$508,337.00	TBD/Adjustable Interest Rate
10/1/2018	\$ 8,337.00	\$500,000.00	TBD/Adjustable Interest Rate
10/1/2018	\$500,000.00	\$0.00	TBD/Adjustable Interest Rate
Total	\$900,000.00	\$0.00	\$ TBD

Note 1: The due date for this payment is the fifth calendar day after the effective date of this Second Amendment.

EXHIBIT A

AMENDED AND RESTATED PROMISSORY NOTE

\$900,000.00

Sacramento, California
Date: December 1, 2015

FOR VALUE RECEIVED, Calvine Elk Grove-Florin, LLC, a California limited liability company ("**Borrower**"), promises to pay to the City of Sacramento, a California municipal corporation ("**Lender**"), the principal sum of NINE HUNDRED THOUSAND DOLLARS (\$900,000.00), together with interest on the unpaid principal balance of this amended and restated promissory note (this "**Note**") as specified in Schedule A of this Note. Interest is to be computed on the basis of a 365-day year and actual days elapsed as specified in Section 3 of this Note.

1. This Note is the Promissory Note defined in the Brownfields Cleanup Revolving Loan Fund Program loan agreement for site remediation between Lender and Borrower dated October 1, 2009, and identified as City Agreement 2009-1031, as amended by the First Amendment to Installment Promissory Note and to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation dated September 16, 2014, and identified as City Agreement 2009-1031-1, and as amended by the Second Amendment to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation dated December 1, 2015 (collectively, the "**Loan Agreement**"). This Note amends and restates in its entirety that certain installment promissory note dated October 1, 2009, as amended by the First Amendment to Installment Promissory Note and to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation dated September 16, 2014, and identified as City Agreement 2009-1031-1 (the "**Original Note**"). This Note solely amends and restates Borrower's obligations under the Original Note. Borrower and Lender do not intend this Note to serve as payment or satisfaction of Borrower's obligation under the Original Note. This Note is not a novation.

2. All capitalized terms used in this Note, but not expressly defined in this Note, shall have the meanings ascribed to them in the Loan Agreement. All references in the Loan Agreement to "Note" or "PROMISSORY NOTE" constitute a reference to this Note.

(a) "**Adjustable Interest Rate**" means an interest rate equal to the Baseline Interest Rate adjusted on the first day of each quarter using the Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, All Items (not seasonally adjusted, 1982 - 84 = 100 reference base) (the "**CPI**"), except as follows: if the adjustment results in an interest rate that is less than the Baseline Interest Rate, then the interest rate remains at the Baseline Interest Rate. To calculate the Adjustable Interest Rate, multiply 2.0 by a fraction with a numerator equal to the CPI for the last month of the immediately preceding quarter and a denominator equal to the CPI for October 2015 [237.838]. For the purposes of this Note, the four quarters that make up the year are January, February, and March (first quarter); April, May, and June (second quarter); July, August,

and September (third quarter); and, October, November, and December (fourth quarter).

(b) “**Baseline Interest Rate**” means a 2.0% annual rate of simple interest.

3. Beginning on October 1, 2015, the unpaid principal balance will accrue interest at the Baseline Interest Rate. Beginning on April 1, 2016, and continuing until Maturity, the unpaid principal balance will accrue interest at the Adjustable Interest Rate. If Borrower fails to pay any interest payments or the principal amount in full when they are due, whether before Maturity, at Maturity or by acceleration, the interest rate on this Note shall increase to a 7.0% annual rate of simple interest or the maximum rate allowed by law, whichever is lower (the “**Default Interest Rate.**”)

4. Borrower shall pay all amounts due under this Note in lawful money of the United States at the following address or at such other address as Borrower may designate in writing: City of Sacramento, Department of Economic Development, 915 I Street, Fourth Floor, Sacramento, California 95814.

5. Payments are due to the City of Sacramento on the dates specified in Schedule A of this Note.

6. In addition to the increased interest rate described in Section 3 of this Note, Borrower shall pay a late charge of 5.0% of any payment not paid within five days of the due date of that payment in addition to any other amounts due under this Note.

7. Each payment under this Note will be credited in the following order: first, to any late charges and costs or expenses Lender incurs in collecting the payment, and to any other unpaid charges, expenses, or penalties due; second, to accrued interest; and third, to the unpaid principal.

8. At Lender’s option, this Note will become immediately due and payable upon the occurrence of an Event of Default. After the occurrence of an Event of Default, unpaid accrued interest will be added to the unpaid principal balance of this Note and interest will accrue on that amount at the Default Interest Rate.

9. If this Note is not paid when due, whether at Maturity or by acceleration, then Borrower, every endorser of this Note, and every person who assumes the obligations of this Note each promise to pay all costs of collection, including but not limited to reasonable attorneys’ fees, whether or not an action is filed. Additionally, the holder of this Note will be entitled to reimbursement for all attorneys’ fees and costs incurred in enforcing any judgment arising from, or out of, this Note, whether incurred by the Sacramento City Attorney’s Office or outside counsel, and those fees and costs will not merge into the judgment and may be added to the judgment and be substantiated by supplemental cost bill.

10. Borrower, every endorser of this Note, and every person who assumes the obligations of this Note each waive presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, and notice of any kind with respect to this Note or any guarantee of it.

11. This Note may be changed or terminated only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.

12. This Note may be prepaid at any time without penalty.

13. The rights, duties, and obligations of Lender and Borrower under this Note are binding upon, and inure to the benefit of, their successors, representatives, receivers, trustees, and assigns, if any.

14. Borrower shall perform and comply with each of the covenants, conditions, provisions, and agreements of Borrower contained in the Loan Agreement, or any agreement or instrument evidencing, securing, or guaranteeing the indebtedness evidenced by this Note.

15. The indebtedness evidenced by this Note is secured by an Amended and Restated Short Form Deed of Trust and Assignment of Rents made as of December 1, 2015, between Calvin & Elk Grove-Florin LLC, Petrovich Properties LLC, Fidelity National Title Company, and the City of Sacramento (the "Deed of Trust"). The Deed of Trust also secures all indebtedness evidenced by any extension or renewal of this Note. Lender acknowledges that the Deed of Trust is subject to all existing agreements, easements, covenants and restrictions encumbering and/or recorded against the property that is encumbered by the Deed of Trust.

16. If any part of this Note cannot be enforced according to its terms, that fact will not affect the balance of this Note.

17. Whenever the due date for any payment to be made under this Note falls on a day that Lender's main offices located at 915 "I" Street, Sacramento, California, are closed to the public, then the due date will be extended to the next day succeeding day that Lender's main offices are open to the public.

BORROWER:

Calvin & Elk Grove-Florin, LLC, a California limited liability company

By: _____
Paul S. Petrovich, Manager

Schedule A

Payment Schedule

Payment Due Date	Principal	Outstanding Principal Balance	Interest/Interest Rate
See Note 1	\$300,000.00	\$600,000.00	\$13,266.00/Baseline Interest Rate
1/1/2016	\$ 8,333.00	\$591,667.00	\$12,000.00/Baseline Interest Rate
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4/1/2018	\$ 8,333.00	\$516,670.00	TBD/Adjustable Interest Rate
7/1/2018	\$ 8,333.00	\$508,337.00	TBD/Adjustable Interest Rate
10/1/2018	\$ 8,337.00	\$500,000.00	TBD/Adjustable Interest Rate
10/1/2018	\$500,000.00	\$0.00	TBD/Adjustable Interest Rate
Total	\$900,000.00	\$0.00	\$ TBD

Note 1: The due date for this payment is the fifth calendar day after the effective date of the Second Amendment to Brownfield Cleanup Revolving Loan Fund Program Loan Agreement for Site Remediation.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Economic Development Department
City of Sacramento
915 I Street, HCH, 4th Floor
Sacramento, CA 95814

No Fee Document per Gov. Code § 6103

[SPACE ABOVE FOR RECORDER'S USE ONLY]

AMENDED AND RESTATED SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

This AMENDED AND RESTATED SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (this "**Deed of Trust**"), dated December 1, 2015, for reference purposes only, is between CALVINE & ELK GROVE-FLORIN, LLC (the "**Borrower**"), a California limited liability company, whose mailing address is 825 K Street, Sacramento, CA 95814, Petrovich Properties LLC (the "**Trustor**"), a California limited liability company, whose mailing address is 825 K Street, Sacramento, CA 95814, Fidelity National Title Company (the "**Trustee**"), and the City of Sacramento (the "**Beneficiary**"), a California municipal corporation, whose mailing address is 915 I Street, HCH, 4th Floor, Sacramento, California 95814.

Background

Trustor and Borrower previously executed and delivered to Beneficiary that certain Short Form Deed of Trust and Assignment of Rents dated October 1, 2009, by and between Borrower, Trustor, Trustee, and Beneficiary (the "**Original Deed of Trust**"), which encumbers certain real property located in the City of Woodland in Yolo County. The Original Deed of Trust was inadvertently recorded on December 16, 2009, in the Official Records of Sacramento County, California, Book 20091216, Page 0397. Trustor, Borrower, and Beneficiary executed a First Amendment to Short Form Deed of Trust and Assignment of Rents, which included the Original Deed of Trust as an exhibit, that was recorded on October 21, 2014, in the Official Records of Yolo County, as Instrument No. 2014-0023943, and re-recorded on October 21, 2015, as Instrument No. 2015-0028521 (the "**First Amended Deed of Trust**"). The Original Deed of Trust as amended by the First Amended Deed of Trust is referred to as the "**Amended Deed of Trust**".

The Amended Deed of Trust secures certain indebtedness and obligations of Borrower as evidenced by that certain installment promissory note dated October 1, 2009 (the "**Original Note**") executed by Borrower and payable to Beneficiary, in the original principal amount of Nine Hundred Thousand Dollars (\$900,000) (the "**Original Loan**"). The Amended Deed of Trust was provided under that certain Brownfields Cleanup Revolving Loan Fund Program loan agreement for site remediation dated October 1, 2009, and identified as City Agreement 2009-1031, between Beneficiary and Borrower (the "**Original Loan Agreement**").

In 2014, Borrower executed and delivered to Beneficiary a First Amendment to Installment Promissory Note and to Brownfield Cleanup Revolving Loan Fund Program loan agreement for site remediation identified as City Agreement 2009-1031-1 (the "**First Amendment**"), which modified the Original Note and the Original Loan Agreement to extend the maturity date and to modify the payment obligations under the Original Loan. The Original Note and Original Loan Agreement as amended by the First Amendment are referred to as the "**Amended Note**" and "**Amended Loan Agreement.**"

Borrower has executed and delivered to Beneficiary a second amendment to the Amended Loan Agreement (the "**Second Amendment**"), dated December 1, 2015, and an amended and restated promissory note (the "**Amended and Restated Note**"), dated December 1, 2015, both of which extend the maturity date and modify the payment obligations under Amended and Restate Note and Amended Loan Agreement.

Borrower, Trustor, and Beneficiary desire to amend and restate the Amended Deed of Trust in its entirety to secure the indebtedness and obligations evidenced by the Amended and Restated Note.

With these background facts in mind, Amended Deed of Trust is amended and restated in its entirety as follows:

1. Trustor is the owner of the property in the City of Woodland, Yolo County, California, commonly known as 801 Main Street located at 801, 819 and 823 Main Street, Woodland, California, and identified as Assessor's Parcel Numbers 005-223-001-000, 005-223-002-000, and 005-223-003-000 (collectively, the "**Property**"). The Property is more particularly described in **Exhibit A**, which is a part of this Deed of Trust.
2. Trustor hereby irrevocably grants, transfers, and assigns the Property to Trustee in trust, with power of sale, together with the rents, issues and profits from the Property, subject to the right, power, and authority of the Beneficiary to collect and apply rents, issues and profits under paragraph 10 of the provisions of the fictitious deed that are incorporated by reference in Section 4.
3. The grant, transfer, and assignment made in Section 2 is for the purpose of securing: (a) Payment of the indebtedness of Borrower evidenced by the Amended and Restated Note, dated December 1, 2015, and any extension, renewal, modification, refinancing, or substitution of the Amended and Restated Note, in the principal sum of Nine Hundred Thousand and No/100 Dollars (\$900,000.00), executed by Borrower in favor of Beneficiary or order; and (b) Payment of such further sums as Borrower may owe Beneficiary in the future under the terms of the Amended and Restated Note on and after December 1, 2015, through the date of sale or foreclosure of the Property under this Deed of Trust, which has not been paid to Beneficiary as required by law. If Trustor sells, conveys, transfers, or disposes of, or further encumbers the Property, or any part of the Property, or any interest in the Property, voluntarily or involuntarily, without first obtaining the written consent of Beneficiary, then Beneficiary may declare all sums secured by this Deed of Trust immediately due and payable.

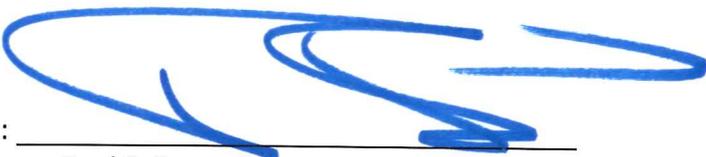
4. To protect the security of this Deed of Trust, Trustor shall observe and perform provisions 1 to 14 of the fictitious deed of trust recorded October 23, 1961, in Book 653 at Page 245 of Official Records in the Office of the County Recorder of the County of Yolo (these provisions are printed on pages 6 to 9 of this Deed of Trust), which are made a part of this Deed of Trust. The references to property, obligations, Deed, note, and parties in provisions 1 to 14 are deemed to refer to the Property, obligations, this Deed of Trust, the Amended and Restated Note, and parties set forth in this Deed of Trust.

5. Trustor and Borrower covenant and confirm that (a) the Property continues to be subject to the lien of the Amended Deed of Trust; (b) all of the Property is subject to all terms and covenants of the Amended Deed of Trust; and (c) this Deed of Trust in no way impairs the lien, charge or priority of the Amended Deed of Trust upon the Property.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale under this Deed of Trust be mailed to it at 825 K Street, Sacramento, CA 95814.

TRUSTOR:

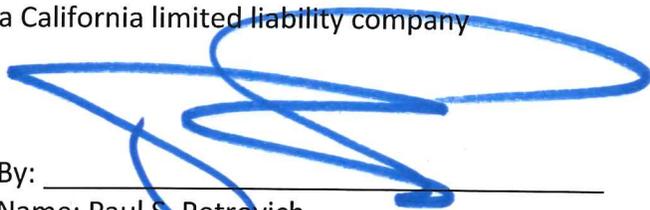
PETROVICH PROPERTIES, LLC,
a California limited liability company


By: _____
Name: Paul S. Petrovich
Its: Manager

Date signed: 11/17, 2015

BORROWER:

CALVINE & ELK GROVE-FLORIN, LLC,
a California limited liability company


By: _____
Name: Paul S. Petrovich
Its: Manager

Date signed: 11/17, 2015

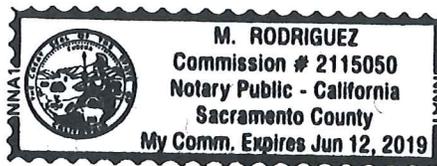
State of California)

County of Sacramento)

On November 18, 2015 before me, M. Rodriguez, a notary public, personally appeared Paul S. Petrovich, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature M. Rodriguez

(Seal)

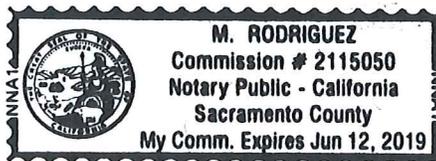
State of California)

County of Sacramento)

On November 18, 2015 before me, M. Rodriguez, a notary public, personally appeared Paul S. Petrovich, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature M. Rodriguez

(Seal)

EXHIBIT A

Legal Description of Property

**801, 819 AND 823 MAIN STREET
WOODLAND, CALIFORNIA**

The land referred to in this Deed of Trust is situated in the State of California, County of Yolo, City of Woodland, and is described as follows:

Parcel One:

Lots 1, 2 and 3, Block 4, Town (now City) of Woodland, according to the official plat thereof, filed for record in the Office of the Recorder of Yolo County, California on June 25, 1863 in Book D of Deeds, Page 722.

APN: 005-223-001-000

Parcel Two:

Lot 4, Block 4, Town (now City) of Woodland, according to the official plat thereof, filed for record in the Office of the Recorder of Yolo County, California on June 25, 1863 in Book D of Deeds, Page 722.

APN: 005-223-002-000

Parcel Three:

Lot 5, Block 4, Town (now City) of Woodland, according to the official plat thereof, filed for record in the Office of the Recorder of Yolo County, California on June 25, 1863 in Book D of Deeds, Page 722.

APN: 005-223-003-000

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

To Protect the Security of This Deed of Trust, Trustor Agrees:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon, not to commit or permit waste thereof, not to commit, suffer or permit any act upon said property in violation of law to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.
2. To provide maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.
4. To pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock, when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto, all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, pay, purchase, contest or compromise any encumbrance, charge or lien

which in the judgment of either appears to be prior or superior hereto, and in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

7. That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his rights either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

8. That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of said property, consent to the making of any map or plot thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

9. That upon written request of Beneficiary state that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "The person or persons legally entitled thereto" Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and

expenses of operation and collection, including reasonable attorneys' fees. Upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

11. That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder. Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

12. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

13. That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall

mean the owner and holder, including pledgees, of the note secured hereby whether or not named as Beneficiary herein in this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

14. That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

To be used only when note has been paid:

Dated: _____

To: Fidelity National Title Company, Trustee
8950 Cal Center Drive Bldg. 3, Suite 100
Sacramento, CA 95826

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith together with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

BENEFICIARY:
CITY OF SACRAMENTO

Signed: _____
Name: _____
Title: _____

MAIL RECONVEYANCE TO:

SIGNATURE PAGE FOLLOWS

Do not lose or destroy this Deed of Trust or the Amended and Restate Note that it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

TRUSTOR:

PETROVICH PROPERTIES, LLC,
a California limited liability company

By: _____
Name:
Its:

The State of California

County of Sacramento

On _____, before me, _____, personally appeared [Name] who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

[signature]

(This area for official notarial seal)