



## City Council Report

915 I Street, 1<sup>st</sup> Floor  
Sacramento, CA 95814

[www.cityofsacramento.org](http://www.cityofsacramento.org)

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**File #:** 2016-01070

**Consent Item 06**

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**Title: (City Council/Redevelopment Agency Successor Agency) Sale of 800 K and L Street Parcels (Published for 10-Day Review 10/06/2016)**

**Recommendation:** Pass 1) a Redevelopment Agency Successor Agency (RASA) Resolution authorizing: a) the sale of 800 – 816 K Street, 1109-1125 8th Street, and 808-815 L Street (“800 K/L”) to the City of Sacramento based on a June 2011 appraised value of \$2,640,000, b) the execution of the RASA grant deed by the City Manager, and c) transfer of the sales proceeds to the County Auditor–Controller for distribution to the taxing entities; and 2) a City Council Resolution authorizing: a) acquisition of 800 K/L from RASA for \$2,640,000, b) the City Manager to execute the Compensation Agreements with the taxing entities, c) the City Manager to execute a certificate of acceptance for 800 K/L, d) the sale of 800 K/L to 800 Block Partners, LLC for \$6,122,000, subject to reduction of up to \$400,000 for the Remediation Credit, e) the City Manager to execute the Purchase and Sale Agreement for 800 K/L with 800 Block Partners LLC, f) establishing a new capital project fund, Merged Downtown Redevelopment Tax-exempt Bond Funds – 800 K/L Proceeds (Fund 3820), g) the deposit of the City's share of the RASA 800 K/L sale proceeds received from the County Auditor-Controller and the net sales proceeds from the City sale of 800 K/L to 800 Block Partners, LLC to Fund 3820.

**Location:** 800 K/L Streets, District 4

**Contact:** Leslie Fritzsche, Senior Project Manager, (916) 808-5450, Economic Development Department

**Presenter:** None

**Department:** Economic Development

**Attachments:**

- 1- Description/Analysis
- 2- Location Map
- 3- RASA Resolution
- 4- Council Resolution
- 5- Exhibit A to Council Resolution - Compensation Agreements
- 6- Exhibit B to Council Resolution – Purchase and Sale Agreement

## Description/Analysis

**Issue Detail:** On January 31, 2012, the City Council elected to serve as the Redevelopment Agency Successor Agency (RASA), taking on the responsibilities for winding down the activities of the former Redevelopment Agency of the City of Sacramento (Agency). The City, in its capacity as RASA, received title to all of the Agency's real property assets, other than properties purchased by the Agency with low and moderate income housing set-aside funds. In compliance with the dissolution legislation (AB x1 26 and AB 1484), RASA is responsible for the disposition of the Agency properties in accordance with the Long Range Property Management Plan. Health and Safety Code (HSC) Sections 34180(f) and 34191.5(c) (2) allow the City to retain Agency properties for future redevelopment activities by purchasing the property at its fair market value as of June of 2011, when the dissolution law was enacted, under a compensation agreement with the other taxing entities.

The Long Range Property Management Plan identified ten parcels located on the 800 block between K and L streets for City retention. These properties are numbered 800-816 K Street, 1109-1125 8<sup>th</sup> Street, and 808-815 L Street (the "800 K/L Property"; see Attachment 1 for location). An appraisal was prepared which provided that the fair market value of the properties as of June 2011 was \$2,640,000.

The 800 K/L Property is approximately 52,800 square feet of land between K and L Streets spanning an east-west alley which runs from 8<sup>th</sup> to 9<sup>th</sup> Streets. The portion south of the alley contains approximately 65,000 sq. ft. of buildings including the historic Bel-Vue apartments (1121 8<sup>th</sup> Street) and along L Street a small garage next to the former Sam's HofBrau (815 L Street). The sites are within two blocks of the Golden 1 Center and adjacent to the new mixed-use development project on the 700 block of K Street.

In order to stimulate the development of the site, City staff, on behalf of RASA, proceeded with steps needed to sell the property to a private developer by listing the property with an approved broker, Turton Commercial. Seven offers were received. On December 15, 2015, Council in closed session tentatively selected two offers of \$4,200,000 for 800 K (the northern portion of the site) and \$1,922,000 for 800 L (the southern portion of the site), for a total of \$6,122,000. Both sites were envisioned to be developed as mixed-use residential projects, with preservation of the historic Bel-Vue building. The two sites were subject to SBH Real Estate Group, LLC (SBH) Right of First Refusal as part of the terms of the Entertainment and Sports Complex Property Conveyance Agreement. This agreement provided SBH the right to match the offers received and SBH elected to exercise that right.

The actions outlined in this report provide for the acquisition of the two sites by the City from RASA for \$2,640,000 and the simultaneous sale of the properties to an affiliate created by SBH, 800 Block Partners, LLC ("Buyer"), for \$6,122,000. The Purchase and Sale Agreement

includes a credit of \$200,000, for a net sale price of \$5,922,000, and up to an additional \$200,000 to cover the actual costs to remediate soil contamination from underground tanks, for a total "Remediation Credit" of \$400,000. The Purchase and Sale Agreement includes a 60-day due diligence period and the closing is expected to occur by December 22, 2016.

In addition, due to the source of Agency funding to acquire the properties, staff is recommending that the proceeds from the transaction be set-aside for catalyst projects located within the Merged Downtown Redevelopment Area, which would include the Marshall Hotel project, a renovation of the historic Marshall into a new Hyatt hotel. It is anticipated that use of this funding for redevelopment projects would be managed in cooperation with the Downtown Sacramento Revitalization Corporation.

**Policy Considerations:** The proposed disposition of the 800 K/L Property is consistent with RASA's mandate to wind down the activities of the Agency by divesting of the former Agency's property assets, and the mixed use development project planned by the Buyer would be consistent with the Merged Downtown Redevelopment Plan.

**Economic Impacts:** The acquisition and sale of 800 K/L Property is the first step in a process that will lead to construction and permanent jobs for the envisioned mixed-use development of the sites.

**Environmental Considerations:** The actions outlined in this report are considered government fiscal activities and therefore are exempt from environmental review under the California Environmental Quality Act (CEQA) under section 15378(b)(4) of CEQA Guidelines. Development of the sites would be subject to the entitlement process and CEQA review.

**Sustainability:** The acquisition and subsequent development of the sites is in keeping with the City's sustainability goal of increasing infill development.

**Commission/Committee Action:** On December 15, 2015, the Oversight Board approved the Long Range Property Management Plan which included the 800 K /L Property for retention by the City for future development. This Plan was approved by the State Department of Finance on December 31, 2015.

**Rationale for Recommendation:** Since its purchase almost ten years ago, the 800K/L Property has been idle waiting for the opportunity for a new infusion of investment. Ongoing costs for maintenance and upkeep have continued to mount. The purchase of the sites by the Buyer is envisioned to lead to the renovation of the historic Bel-Vue into a mixed-use retail and mixed-income residence. New construction of a mid-rise mixed-use project surrounding it on L Street and on the currently vacant land on K Street is also planned. These sites are well-

positioned to capitalize on the momentum now occurring Downtown and redevelopment on K Street will fill the last vacant lot between the Golden 1 Center and the Convention Center. The transaction will also generate over \$3 million in net sales

**Financial Considerations:** Pursuant to the requirements of the dissolution law, the City may retain properties for future development as long as the City pays the June 2011 fair market value of the property and reaches a compensation agreement with the taxing entities. The compensation agreement provides that each taxing entity would receive its share of the sales proceeds at the same rate as their share of the former redevelopment property tax distribution within the Merged Downtown Redevelopment Project Area, as determined by the County Auditor-Controller (Controller).

RASA staff has secured approval of compensation agreements from all of the taxing entities (Sacramento City Unified School District, Los Rios Community College District, Sacramento-Yolo Mosquito Vector Control District, Sacramento County Office of Education, and the County of Sacramento) for RASA's sale of the 800 K/L Property to the City at the June 2011 value of \$2,640,000. The agreements are included as Exhibit A to the City resolution. The sales proceeds from the City's acquisition of the 800 K/L Property will be provided to the Controller, who would then make the distribution to each of the taxing entities. The City is one of the taxing entities and will receive approximately 20% of the RASA-to-City sale proceeds.

The Purchase and Sale Agreement with the Buyer provides for a \$200,000 credit from the purchase price due to the environmental conditions discovered on the sites, including two former heating oil tanks. If the total estimated cost to remediate the sites exceeds \$200,000, the Agreement requires the City to set-aside an additional \$200,000 from the sales proceeds to reimburse the Buyer for actual costs expended in excess of \$200,000, with the Buyer assuming liability for any remediation costs above \$400,000.

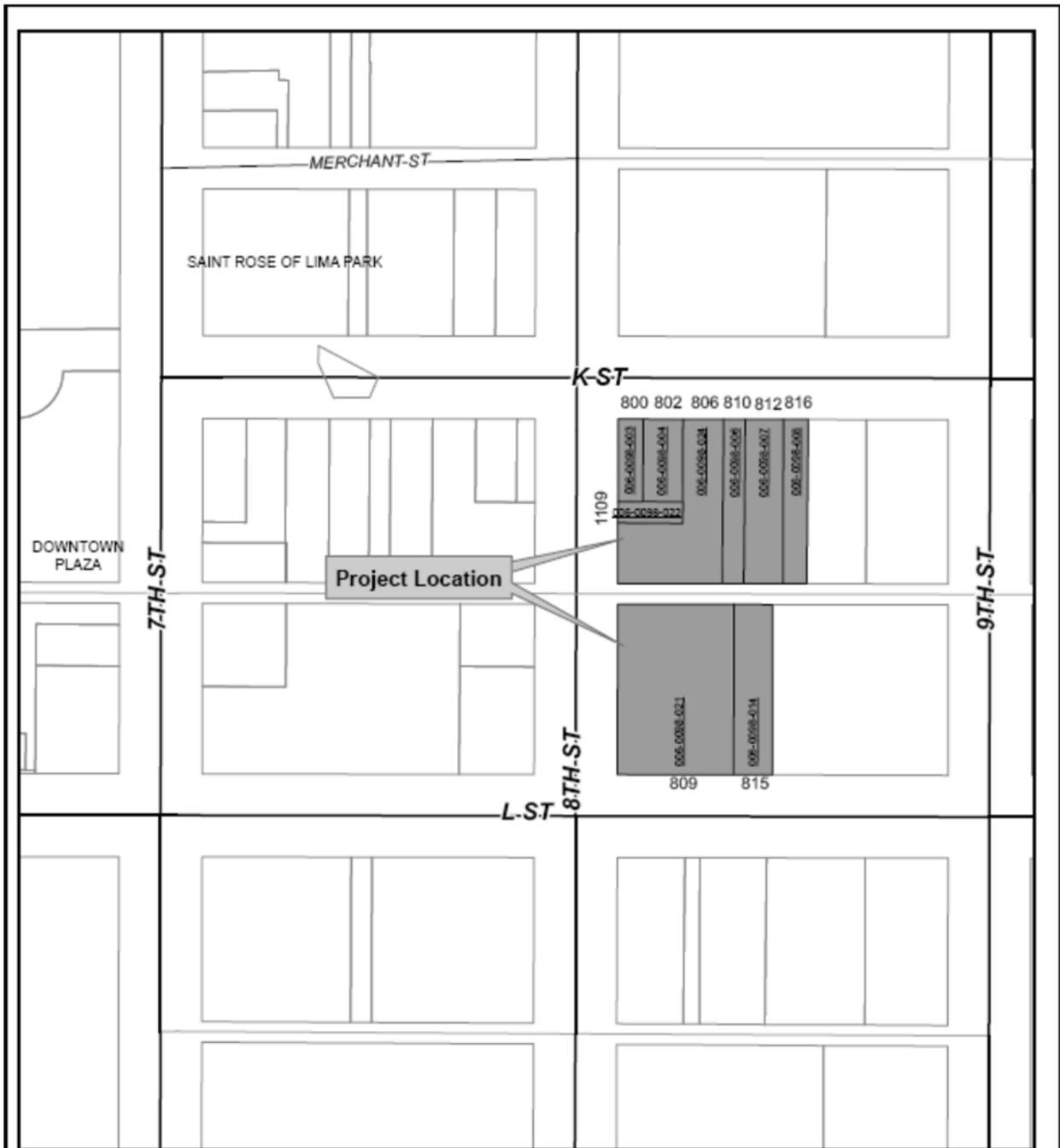
The Buyer will make a \$200,000 deposit into escrow to be credited toward the purchase price - \$100,000 is non-refundable if the transaction does not close. If the transaction does not close after the due diligence period, the remaining \$100,000 of the deposit also becomes non-refundable.

The proposed transactions will not require any outlay of City funds. The City's purchase of the property and subsequent sale would occur concurrently at the escrow closing. Thus the City would never be at risk if the Buyer did not finalize the purchase. The City's cost as seller includes splitting the escrow fees and charges, as well as a brokerage commission of 4% of the Buyer's sales price.

Once the acquisition has been completed, the net proceeds from the sale to the Buyer and the amount due to the City as a taxing entity will be deposited into a new fund, 2005 Merged Downtown Redevelopment Tax-Exempt Bond Fund – 800 K/L Proceeds (Fund 3820). Since the properties were purchased by the Agency utilizing tax-exempt redevelopment bond funds, these proceeds need to be used for a tax-exempt eligible activity. The establishment of this new fund will allow staff to effectively track the use of these proceeds to ensure that they are used in a manner consistent with the redevelopment bond covenants.

The funds are recommended to be set-aside for use by the Downtown Sacramento Revitalization Corporation (DSRC) to assist with a catalyst project in the Downtown such as the renovation of the historic Marshall Hotel or other mixed-use project. When a developer of a selected catalyst project has demonstrated that the project requires financial assistance and secured financing for the balance of the project, staff will return to Council for approval of the transfer of funding to DSRC and the terms of the funding agreements.

**Local Business Enterprise (LBE):** Not applicable.



0 Feet 275



# Attachment 1 800 Blocks of K & L Streets Location Map

J Cannon | 8/10

## **RESOLUTION NO. 2016-**

Adopted by

Redevelopment Agency Successor Agency

October 4, 2016

### **SALE OF RASA-OWNED 800 K AND L STREET PARCELS**

#### **BACKGROUND:**

- A. Under Health and Safety Code Section 34181(a), the Redevelopment Agency Successor Agency (RASA) is to dispose all of the property interests of the former Redevelopment Agency of the City of Sacramento.
- B. On December 15, 2015, the Oversight Board for RASA authorized the sale of 800-816 K Street, 1109-1125 8<sup>th</sup> Street, and 808-815 L Street (800 K and L Street Parcels) to the City of Sacramento (City) to allow the City to retain the property for future development as part of its approval of RASA's Long Range Property Management Plan.
- C. Health and Safety Code Section 34180(f) allows the City to retain Redevelopment Agency properties that are designated for future development by paying taxing entities their share of the value of the property under the terms of a compensation agreement. If the market value is disputed and an agreement cannot be reached, the Oversight Board has the authority to set the value as of June 2011, when the dissolution law was enacted, based on an appraisal.
- D. An appraisal of the value of the 800 K and L Street Parcels as of June 2011 has been prepared by an independent appraiser approved by the Oversight Board. The appraiser selected is on the City's on-call list of appraisers.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY SUCCESSOR AGENCY RESOLVES AS FOLLOWS:**

- Section 1. The sale of the 800 K and L Street Parcels (APN 006-0098-003,-004,-006,-007,-008,-014, -021, -022, and -024,) for \$2.64 million to the City of Sacramento is hereby approved.
- Section 2. The City Manager on behalf of RASA is authorized to execute the grant deed and any other required documents to transfer the 800 K and L Street Parcels to the City of Sacramento.

## **RESOLUTION NO. 2016-**

Adopted by the Sacramento City Council

October 4, 2016

### **ACQUISITION AND SALE OF 800 K AND L STREET PARCELS AND EXECUTION OF COMPENSATION AGREEMENTS**

#### **BACKGROUND:**

- A. The City of Sacramento desires to retain the property located at 800-816 K Street, 1109-1125 8<sup>th</sup> Street, and 808-815 L Street ("800 K and L Street Parcels"), which was previously owned by the Redevelopment Agency of the City of Sacramento, for future development as authorized under Health and Safety Code section 34180(f).
- B. The Redevelopment Agency Successor Agency (RASA) has obtained all of the required approvals from its Oversight Board and the State Department of Finance to allow for the sale of the 800 K and L Street Parcels to the City of Sacramento for \$2.64 million, based on an appraisal of the property as of June 2011. The City is required to obtain approval of the sales price under the terms of a compensation agreement with each of the taxing entities.
- C. The 800 K and L Street Parcels were listed for sale and two offers in the total amount of \$6.122 million were accepted.
- D. The City provided a Right of First Refusal for the acquisition of the 800 K and L Street Parcels to the SBH Real Estate Group LLC (SBH) as part of the Property Conveyance Agreement for the Entertainment and Sports Complex. SBH exercised its right to purchase the 800 K and L Street Parcels for \$6.122 million.
- E. A Purchase and Sale Agreement with 800 Block Partners, LLC, an affiliate of SBH Real Estate Group LLC, has been negotiated to include a remediation credit of \$200,000 against the purchase price, and the City is required to set-aside an additional \$200,000 if the actual remediation costs exceed the initial credit amount.

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

- Section 1. The purchase of 800 K and L Street Parcels for \$2.64 million from RASA is hereby approved. The City Manager or his designee is authorized to execute the Certificate of Acceptance.
- Section 2. The City Manager or his designee is authorized to execute the Compensation Agreements with the taxing entities included as Exhibit A to this resolution.

- Section 3. The City Manager or his designee is authorized to execute the Purchase and Sale Agreement with 800 Block Partners, LLC for the sale of 800 K and L Street parcels for \$6,122,000, subject to the remediation credit.
- Section 4. The Merged Downtown Tax-Exempt Bond Fund – 800 K/L Proceeds (Fund 3820) is hereby established. The City Manager is directed to deposit the City’s share of the 800 K and L Street Parcels sale proceeds received from the County Auditor-Controller and the sale proceeds from the sale of the property to 800 Block Partners, LLC to the Merged Downtown Tax-Exempt Bond Fund– 800 K/L Proceeds (Fund 3820).
- Section 5. The net sales proceeds deposited in the Merged Downtown Tax-Exempt Bond Fund – 800 K/L Proceeds (Fund 3820) are intended to be utilized for catalyst projects located within the downtown area, which would include the Marshall Hotel Project, with the assistance of the Downtown Sacramento Revitalization Corporation (DSRC). Transfer of funding to DSRC and any financial assistance for catalyst projects will require Council approval.

Exhibit A: Compensation Agreements for 800 K and L Street Parcels

Exhibit B: Purchase and Sale Agreement with 800 Block Partners, LLC

**COMPENSATION AGREEMENTS  
WITH  
TAXING ENTITIES  
800 K/L PROPERTIES**

**COMPENSATION AGREEMENT FOR  
CITY RETAINED REDEVELOPMENT AGENCY PROPERTIES**

This COMPENSATION AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_, 2016 (“Effective Date”) by and between the CITY OF SACRAMENTO, a municipal corporation (“CITY”), and Sacramento-Yolo Mosquito Vector Control Board, a \_\_\_\_\_ (“TAXING ENTITY”) with regard to CITY’s purchase of real property which was previously owned by the Redevelopment Agency of the City of Sacramento (Agency).

RECITALS

- A. AB x1 26 (Blumenfield), which was enacted on June 28, 2011 as Chapter 5 of Statutes of 2011, was upheld by the ruling of the California Supreme Court in the case *California Redevelopment Association et al., v. Matosantos et al.*, issued on December 29, 2011. Under AB x1 26, Section 34172(a)(1) was added to the Health and Safety Code (HSC) and provides that all redevelopment agencies in the state were dissolved as a legal entity, and the effective date of the such dissolution was set as February 1, 2012, per the ruling in the *Matosantos* case. AB 1484 (Committee on Budget), a Budget Trailer bill, enacted on June 27, 2012 as Chapter 26, Statutes of 2012, made technical and substantive changes to AB x1 26. In addition, SB 107 (Committee on Budget and Fiscal Review), a Budget Trailer bill, enacted on September 22, 2015 as Chapter 325, Statutes of 2015, made further changes to the disposition of Agency properties. Collectively AB x1 26, AB 1484 and SB 107 are referred to as the “Dissolution Law.”
- B. On January 31, 2012, by Resolution No. 2012-018, the City Council of the City of Sacramento elected to serve as the Redevelopment Agency Successor Agency (RASA) to the prior Agency for its non-housing assets and liabilities. On that same date, by Resolution No. 2012-001, the City Council acting as the governing board for the Agency approved the transfer of all of the Agency’s non-housing assets to RASA. The Agency’s real property assets purchased with its low and moderate income housing set-aside funds were transferred to the Housing Authority of the City of Sacramento and are restricted for development for affordable housing.
- C. Under AB x1 26, HSC Section 34179.5 required RASA to hire a licensed accountant approved by the County Auditor-Controller (Auditor) to conduct a due diligence review (DDR) of the Agency’s asset transfers to RASA. The approved firm, Macias Gini & O’Connell LLP, conducted the review and the State Controller also conducted an audit of the Agency’s asset transfers prior to its dissolution. The DDR report for the Agency’s non-housing assets was approved by the Oversight Board on January 28, 2013, and by the State Department of Finance (DOF) on June 12, 2013. On September 20, 2013, DOF issued RASA a Finding of Completion, which allows for real property assets to be transferred to the Community Redevelopment Property Trust Fund after DOF’s approval of the Long Range Property Management Plan (Plan) pursuant to HSC Section 34191.4(a). The Oversight Board for RASA

approved the final Plan on December 15, 2015 and DOF approved the Plan on December 31, 2015.

- D. HSC Section 34180 requires that certain actions of RASA must first be approved by the Oversight Board, which was established pursuant to HSC Section 34179 as of April 16, 2012. One of the actions requiring Oversight Board approval is the CITY's retention of Agency properties for future redevelopment. Under HSC Section 34180(f), the transfer of Agency property from RASA to CITY for future development requires CITY to make payment to the other taxing entities for their share of the fair market value of the property (their base property tax rate) based on a June 2011 valuation date. The fair market value is to be determined by an independent appraiser approved by the Oversight Board. DOF has imposed the requirement, as part of its approval of the Plan, that TAXING ENTITY must enter into a Compensation Agreement with CITY before properties to be acquired by CITY can be transferred.
- E. On September 16, 2013, by Resolution No. 2013-0009, the Oversight Board reviewed the solicitation process and the qualifications of the proposed appraisers and approved the following appraisers to value properties held by RASA:
- Craig Owyang Real Estate  
Smith & Associates, Inc.  
Clark-Wolcott
- F. RASA hired one of these appraisers to prepare an appraisal of each of the properties as listed in Exhibit A, which is attached and incorporated into this Agreement by this reference. The appraiser(s) determined the fair market value of each of the properties as of June 2011 based on its current zoning and comparable sales data. These appraisals and the preliminary title reports were made available for review by TAXING ENTITY.
- G. On January 25, 2016, the Oversight Board delegated authority to RASA to implement the Plan, including allowing RASA to sell properties designated as "retain for future development" to CITY at the June 2011 appraised value. DOF did not request review of that action, so it is final. The Oversight Board agenda for this asset transfer was posted at least 10 days prior to the meeting in accordance with HCS Section 34181(f) and no comments from the public were received. The sale of the properties listed in Exhibit A to CITY at the June 2011 appraised value is allowed under HSC Section 34181(a), even though CITY may resell or convey the property for private development.
- H. In accordance with HSC Section 34177(e), CITY will pay the Auditor the purchase price for the properties as listed in Exhibit A, and the Auditor will distribute the sales proceeds to the taxing entities based on their share of the base property tax as set forth on HSC Section 34188 for the tax rate where each property is located.

NOW, THEREFORE, in consideration of the information in the Recitals and the mutual commitments as hereinafter set forth, the CITY and TAXING ENTITY enter into this Agreement as follows:

### AGREEMENT

1. Incorporation of Recitals. The aforementioned Recitals are true and correct and are incorporated into this Agreement by this reference.
2. Consideration; Consent to Sale. In consideration that CITY will pay Auditor the purchase price for each of the properties as listed in Exhibit A in accordance with the provisions of HSC Sections 34191.5(c)(2)(B) and 34188, TAXING ENTITY agrees to accept the Appraiser's determination of the June 2011 fair market value of each of the properties and consents to the sale from RASA to the CITY.
3. CITY Retained Rights. TAXING ENTITY understands and agrees that the timing when CITY may acquire each of the properties may vary, but it is expected that the acquisition of all of the properties listed in Exhibit A will occur no later than June 30, 2017. However, CITY retains the right to not acquire any or all of the properties listed in Exhibit A, in which case RASA would sell the properties expeditiously and in a manner to maximize value per HSC Section 34177(e).
4. Use of Sale Proceeds. In some cases the Agency purchased the property, as identified listed in Exhibit A, with tax-exempt bond proceeds. Internal Revenue Service regulations prohibit the sale of tax exempt bond-financed property (a "private activity") unless the sale proceeds are spent within two years for a capital improvement project (a "remedial action"). The sales proceeds for those specific properties as identified in Exhibit A must be treated as tax-exempt bond proceeds.

Also, per the bond covenants and the provisions of the Community Redevelopment Act which were not repealed by the Dissolution Law, the capital improvement project must either be located within the same boundaries of redevelopment project area where the property was located or the project must serve the residents and businesses within that project area. The project areas where the properties are located is identified in Exhibit A.

In order to report the remedial action to the IRS and the bond trustee, TAXING ENTITY agrees to send a report to RASA, no later than two years from the date of receipt of the sales proceeds for properties purchased by the Agency with tax-exempt bond proceeds, which details: (1) the amount of the sales proceeds received from the Auditor, (2) the use of the sales proceeds for a capital improvement project, and (3) the date when the sales proceeds were appropriated for the capital improvement project.

[signature page follows]

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

**CITY OF SACRAMENTO**

**SACRAMENTO-YOLO MOSQUITO  
VECTOR CONTROL BOARD**

By: \_\_\_\_\_  
John F. Shirey  
City Manager

By:   
Gary W. Goodman  
Manager

Approved As To Form:

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

Attest:

By \_\_\_\_\_  
Assistant City Clerk

**Exhibit A**

**Properties Included In Compensation Agreement**

Property Address	APNs	June 2011 Value	Purchased w/ Tax-exempt Bonds
<b>800-816 K Street</b>	APN 006-0098-003,-004,-006,-007,-008, - 022, and -024	\$2,020,000	Yes
<b>1121 – 1125 8<sup>th</sup> Street and 805-815 L Street</b>	APN 006-0098-021 and -014	\$620,000	Yes

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- C. Under AB x1 26, HSC Section 34179.5 required RASA to hire a licensed accountant approved by the County Auditor-Controller (Auditor) to conduct a due diligence review (DDR) of the Agency’s asset transfers to RASA. The approved firm, Macias Gini & O’Connell LLP, conducted the review and the State Controller also conducted an audit of the Agency’s asset transfers prior to its dissolution. The DDR report for the Agency’s non-housing assets was approved by the Oversight Board on January 28, 2013, and by the State Department of Finance (DOF) on June 12, 2013. On September 20, 2013, DOF issued RASA a Finding of Completion, which allows for real property assets to be transferred to the Community Redevelopment Property Trust Fund after DOF’s approval of the Long Range Property Management Plan (Plan) pursuant to HSC Section 34191.4(a). The Oversight Board for RASA

approved the final Plan on December 15, 2015 and DOF approved the Plan on December 31, 2015.

- D. HSC Section 34180 requires that certain actions of RASA must first be approved by the Oversight Board, which was established pursuant to HSC Section 34179 as of April 16, 2012. One of the actions requiring Oversight Board approval is the CITY's retention of Agency properties for future redevelopment. Under HSC Section 34180(f), the transfer of Agency property from RASA to CITY for future development requires CITY to make payment to the other taxing entities for their share of the fair market value of the property (their base property tax rate) based on a June 2011 valuation date. The fair market value is to be determined by an independent appraiser approved by the Oversight Board. DOF has imposed the requirement, as part of its approval of the Plan, that TAXING ENTITY must enter into a Compensation Agreement with CITY before properties to be acquired by CITY can be transferred.
- E. On September 16, 2013, by Resolution No. 2013-0009, the Oversight Board reviewed the solicitation process and the qualifications of the proposed appraisers and approved the following appraisers to value properties held by RASA:
- Craig Owyang Real Estate  
Smith & Associates, Inc.  
Clark-Wolcott
- F. RASA hired one of these appraisers to prepare an appraisal of each of the properties as listed in Exhibit A, which is attached and incorporated into this Agreement by this reference. The appraiser(s) determined the fair market value of each of the properties as of June 2011 based on its current zoning and comparable sales data. These appraisals and the preliminary title reports were made available for review by TAXING ENTITY.
- G. On January 25, 2016, the Oversight Board delegated authority to RASA to implement the Plan, including allowing RASA to sell properties designated as "retain for future development" to CITY at the June 2011 appraised value. DOF did not request review of that action, so it is final. The Oversight Board agenda for this asset transfer was posted at least 10 days prior to the meeting in accordance with HCS Section 34181(f) and no comments from the public were received. The sale of the properties listed in Exhibit A to CITY at the June 2011 appraised value is allowed under HSC Section 34181(a), even though CITY may resell or convey the property for private development.
- H. In accordance with HSC Section 34177(e), CITY will pay the Auditor the purchase price for the properties as listed in Exhibit A, and the Auditor will distribute the sales proceeds to the taxing entities based on their share of the base property tax as set forth on HSC Section 34188 for the tax rate where each property is located.

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3. CITY Retained Rights. TAXING ENTITY understands and agrees that the timing when CITY may acquire each of the properties may vary, but it is expected that the acquisition of all of the properties listed in Exhibit A will occur no later than June 30, 2017. However, CITY retains the right to not acquire any or all of the properties listed in Exhibit A, in which case RASA would sell the properties expeditiously and in a manner to maximize value per HSC Section 34177(e).
4. Use of Sale Proceeds. In some cases the Agency purchased the property, as identified listed in Exhibit A, with tax-exempt bond proceeds. Internal Revenue Service regulations prohibit the sale of tax exempt bond-financed property (a "private activity") unless the sale proceeds are spent within two years for a capital improvement project (a "remedial action"). The sales proceeds for those specific properties as identified in Exhibit A must be treated as tax-exempt bond proceeds.

Also, per the bond covenants and the provisions of the Community Redevelopment Act which were not repealed by the Dissolution Law, the capital improvement project must either be located within the same boundaries of redevelopment project area where the property was located or the project must serve the residents and businesses within that project area. The project areas where the properties are located is identified in Exhibit A.

In order to report the remedial action to the IRS and the bond trustee, TAXING ENTITY agrees to send a report to RASA, no later than two years from the date of receipt of the sales proceeds for properties purchased by the Agency with tax-exempt bond proceeds, which details: (1) the amount of the sales proceeds received from the Auditor, (2) the use of the sales proceeds for a capital improvement project, and (3) the date when the sales proceeds were appropriated for the capital improvement project.

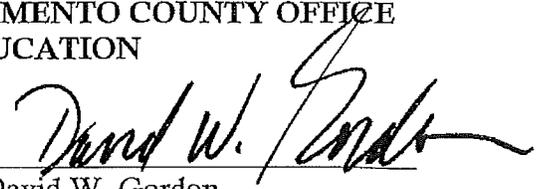
[signature page follows]

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

**CITY OF SACRAMENTO**

**SACRAMENTO COUNTY OFFICE  
OF EDUCATION**

By: \_\_\_\_\_  
John F. Shirey  
City Manager

By:   
David W. Gordon  
Sacramento County  
Superintendent of Schools

Approved As To Form:

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

Attest:

By \_\_\_\_\_  
Assistant City Clerk

## COMPENSATION AGREEMENT FOR CITY RETAINED REDEVELOPMENT AGENCY PROPERTIES

This COMPENSATION AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_, 2016 (“Effective Date”) by and between the CITY OF SACRAMENTO, a municipal corporation (“CITY”), and COUNTY OF SACRAMENTO, a political subdivision of the State of California (“TAXING ENTITY”) with regard to CITY’s purchase of real property which was previously owned by the Redevelopment Agency of the City of Sacramento (Agency).

### RECITALS

- A. AB x1 26 (Blumenfield), which was enacted on June 28, 2011 as Chapter 5 of Statutes of 2011, was upheld by the ruling of the California Supreme Court in the case *California Redevelopment Association et al., v. Matosantos et al.*, issued on December 29, 2011. Under AB x1 26, Section 34172(a)(1) was added to the Health and Safety Code (HSC) and provides that all redevelopment agencies in the state were dissolved as a legal entity, and the effective date of the such dissolution was set as February 1, 2012, per the ruling in the *Matosantos* case. AB 1484 (Committee on Budget), a Budget Trailer bill, enacted on June 27, 2012 as Chapter 26, Statutes of 2012, made technical and substantive changes to AB x1 26. In addition, SB 107 (Committee on Budget and Fiscal Review), a Budget Trailer bill, enacted on September 22, 2015 as Chapter 325, Statutes of 2015, made further changes to the disposition of Agency properties. Collectively AB x1 26, AB 1484 and SB 107 are referred to as the “Dissolution Law.”
- B. On January 31, 2012, by Resolution No. 2012-018, the City Council of the City of Sacramento elected to serve as the Redevelopment Agency Successor Agency (RASA) to the prior Agency for its non-housing assets and liabilities. On that same date, by Resolution No. 2012-001, the City Council acting as the governing board for the Agency approved the transfer of all of the Agency’s non-housing assets to RASA. The Agency’s real property assets purchased with its low and moderate income housing set-aside funds were transferred to the Housing Authority of the City of Sacramento and are restricted for development for affordable housing.
- C. Under AB x1 26, HSC Section 34179.5 required RASA to hire a licensed accountant approved by the County Auditor-Controller (Auditor) to conduct a due diligence review (DDR) of the Agency’s asset transfers to RASA. The approved firm, Macias Gini & O’Connell LLP, conducted the review and the State Controller also conducted an audit of the Agency’s asset transfers prior to its dissolution. The DDR report for the Agency’s non-housing assets was approved by the Oversight Board on January 28, 2013, and by the State Department of Finance (DOF) on June 12, 2013. On September 20, 2013, DOF issued RASA a Finding of Completion, which allows for real property assets to be transferred to the Community Redevelopment Property Trust Fund after DOF’s approval of the Long Range Property Management Plan (Plan) pursuant to HSC Section 34191.4(a). The Oversight Board for RASA

approved the final Plan on December 15, 2015 and DOF approved the Plan on December 31, 2015.

- D. HSC Section 34180 requires that certain actions of RASA must first be approved by the Oversight Board, which was established pursuant to HSC Section 34179 as of April 16, 2012. One of the actions requiring Oversight Board approval is the CITY's retention of Agency properties for future redevelopment. Under HSC Section 34180(f), the transfer of Agency property from RASA to CITY for future development requires CITY to make payment to the other taxing entities for their share of the fair market value of the property (their base property tax rate) based on a June 2011 valuation date. The fair market value is to be determined by an independent appraiser approved by the Oversight Board. DOF has imposed the requirement, as part of its approval of the Plan, that TAXING ENTITY must enter into a Compensation Agreement with CITY before properties to be acquired by CITY can be transferred.
- E. On September 16, 2013, by Resolution No. 2013-0009, the Oversight Board reviewed the solicitation process and the qualifications of the proposed appraisers and approved the following appraisers to value properties held by RASA:
- Craig Owyang Real Estate  
Smith & Associates, Inc.  
Clark -Wolcott
- F. RASA hired one of these appraisers to prepare an appraisal of each of the properties as listed in Exhibit A, which is attached and incorporated into this Agreement by this reference. The appraiser(s) determined the fair market value of each of the properties as of June 2011 based on its current zoning and comparable sales data. These appraisals and the preliminary title reports were made available for review by TAXING ENTITY.
- G. On January 25, 2016, the Oversight Board delegated authority to RASA to implement the Plan, including allowing RASA to sell properties designated as "retain for future development" to CITY at the June 2011 appraised value. DOF did not request review of that action, so it is final. The Oversight Board agenda for this asset transfer was posted at least 10 days prior to the meeting in accordance with HCS Section 34181(f) and no comments from the public were received. The sale of the properties listed in Exhibit A to CITY at the June 2011 appraised value is allowed under HSC Section 34181(a), even though CITY may resell or convey the property for private development.
- H. In accordance with HSC Section 34177(e), CITY will pay the Auditor the purchase price for the properties as listed in Exhibit A, and the Auditor will distribute the sales proceeds to the taxing entities based on their share of the base property tax as set forth on HSC Section 34188 for the tax rate where each property is located.

NOW, THEREFORE, in consideration of the information in the Recitals and the mutual commitments as hereinafter set forth, the CITY and TAXING ENTITY enter into this Agreement as follows:

AGREEMENT

1. Incorporation of Recitals. The aforementioned Recitals are true and correct and are incorporated into this Agreement by this reference.
2. Consideration; Consent to Sale. In consideration that CITY will pay Auditor the purchase price for each of the properties as listed in Exhibit A in accordance with the provisions of HSC Sections 34191.5(c)(2)(B) and 34188, TAXING ENTITY agrees to accept the Appraiser's determination of the June 2011 fair market value of each of the properties and consents to the sale from RASA to the CITY.
3. CITY Retained Rights. TAXING ENTITY understands and agrees that the timing when CITY may acquire each of the properties may vary, but it is expected that the acquisition of all of the properties listed in Exhibit A will occur no later than June 30, 2017. However, CITY retains the right to not acquire any or all of the properties listed in Exhibit A, in which case RASA would sell the properties expeditiously and in a manner to maximize value per HSC Section 34177(e).
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Also, per the bond covenants and the provisions of the Community Redevelopment Act which were not repealed by the Dissolution Law, the capital improvement project must either be located within the same boundaries of redevelopment project area where the property was located or the project must serve the residents and businesses within that project area. The project areas where the properties are located is identified in Exhibit A.

In order to report the remedial action to the IRS and the bond trustee, TAXING ENTITY agrees to send a report to RASA, no later than two years from the date of receipt of the sales proceeds for properties purchased by the Agency with tax-exempt bond proceeds, which details: (1) the amount of the sales proceeds received from the Auditor, (2) the use of the sales proceeds for a capital improvement project, and (3) the date when the sales proceeds were appropriated for the capital improvement project.

[signature page follows]

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

**CITY OF SACRAMENTO**

**COUNTY OF SACRAMENTO**

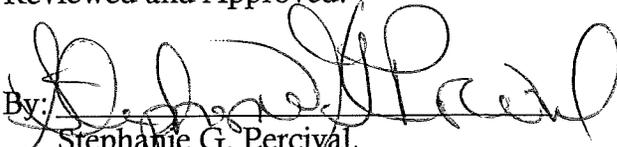
By: \_\_\_\_\_  
John F. Shirey  
City Manager

By:  \_\_\_\_\_  
Navdeep S. Gill  
County Executive

Approved As To Form:

Reviewed and Approved:

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

By:  \_\_\_\_\_  
Stephanie G. Percival,  
Deputy County Counsel

Attest:

By \_\_\_\_\_  
Assistant City Clerk

**Exhibit A**  
**Properties Included In Compensation Agreement**

<b>Property Address</b>	<b>APNs</b>	<b>June 2011 Value</b>
<b>800-816 K Street</b>	APN 006-0098-003,-004,- 006,-007,-008, - 022, and - 024	\$2,020,000
<b>1121 – 1125 8<sup>th</sup> Street and 805-815 L Street</b>	APN 006-0098-021 and - 014	\$620,000

**COMPENSATION AGREEMENT FOR  
CITY RETAINED REDEVELOPMENT AGENCY PROPERTIES**

This COMPENSATION AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_, 2016 (“Effective Date”) by and between the CITY OF SACRAMENTO, a municipal corporation (“CITY”), and Los Rios Community College District, a \_\_\_\_\_ (“TAXING ENTITY”) with regard to CITY’s purchase of real property which was previously owned by the Redevelopment Agency of the City of Sacramento (Agency).

RECITALS

- A. AB x1 26 (Blumenfield), which was enacted on June 28, 2011 as Chapter 5 of Statutes of 2011, was upheld by the ruling of the California Supreme Court in the case *California Redevelopment Association et al., v. Matosantos et al.*, issued on December 29, 2011. Under AB x1 26, Section 34172(a)(1) was added to the Health and Safety Code (HSC) and provides that all redevelopment agencies in the state were dissolved as a legal entity, and the effective date of the such dissolution was set as February 1, 2012, per the ruling in the *Matosantos* case. AB 1484 (Committee on Budget), a Budget Trailer bill, enacted on June 27, 2012 as Chapter 26, Statutes of 2012, made technical and substantive changes to AB x1 26. In addition, SB 107 (Committee on Budget and Fiscal Review), a Budget Trailer bill, enacted on September 22, 2015 as Chapter 325, Statutes of 2015, made further changes to the disposition of Agency properties. Collectively AB x1 26, AB 1484 and SB 107 are referred to as the “Dissolution Law.”
- B. On January 31, 2012, by Resolution No. 2012-018, the City Council of the City of Sacramento elected to serve as the Redevelopment Agency Successor Agency (RASA) to the prior Agency for its non-housing assets and liabilities. On that same date, by Resolution No. 2012-001, the City Council acting as the governing board for the Agency approved the transfer of all of the Agency’s non-housing assets to RASA. The Agency’s real property assets purchased with its low and moderate income housing set-aside funds were transferred to the Housing Authority of the City of Sacramento and are restricted for development for affordable housing.
- C. Under AB x1 26, HSC Section 34179.5 required RASA to hire a licensed accountant approved by the County Auditor-Controller (Auditor) to conduct a due diligence review (DDR) of the Agency’s asset transfers to RASA. The approved firm, Macias Gini & O’Connell LLP, conducted the review and the State Controller also conducted an audit of the Agency’s asset transfers prior to its dissolution. The DDR report for the Agency’s non-housing assets was approved by the Oversight Board on January 28, 2013, and by the State Department of Finance (DOF) on June 12, 2013. On September 20, 2013, DOF issued RASA a Finding of Completion, which allows for real property assets to be transferred to the Community Redevelopment Property Trust Fund after DOF’s approval of the Long Range Property Management Plan (Plan) pursuant to HSC Section 34191.4(a). The Oversight Board for RASA

approved the final Plan on December 15, 2015 and DOF approved the Plan on December 31, 2015.

- D. HSC Section 34180 requires that certain actions of RASA must first be approved by the Oversight Board, which was established pursuant to HSC Section 34179 as of April 16, 2012. One of the actions requiring Oversight Board approval is the CITY's retention of Agency properties for future redevelopment. Under HSC Section 34180(f), the transfer of Agency property from RASA to CITY for future development requires CITY to make payment to the other taxing entities for their share of the fair market value of the property (their base property tax rate) based on a June 2011 valuation date. The fair market value is to be determined by an independent appraiser approved by the Oversight Board. DOF has imposed the requirement, as part of its approval of the Plan, that TAXING ENTITY must enter into a Compensation Agreement with CITY before properties to be acquired by CITY can be transferred.
- E. On September 16, 2013, by Resolution No. 2013-0009, the Oversight Board reviewed the solicitation process and the qualifications of the proposed appraisers and approved the following appraisers to value properties held by RASA:
- Craig Owyang Real Estate  
Smith & Associates, Inc.  
Clark-Wolcott
- F. RASA hired one of these appraisers to prepare an appraisal of each of the properties as listed in Exhibit A, which is attached and incorporated into this Agreement by this reference. The appraiser(s) determined the fair market value of each of the properties as of June 2011 based on its current zoning and comparable sales data. These appraisals and the preliminary title reports were made available for review by TAXING ENTITY.
- G. On January 25, 2016, the Oversight Board delegated authority to RASA to implement the Plan, including allowing RASA to sell properties designated as "retain for future development" to CITY at the June 2011 appraised value. DOF did not request review of that action, so it is final. The Oversight Board agenda for this asset transfer was posted at least 10 days prior to the meeting in accordance with HCS Section 34181(f) and no comments from the public were received. The sale of the properties listed in Exhibit A to CITY at the June 2011 appraised value is allowed under HSC Section 34181(a), even though CITY may resell or convey the property for private development.
- H. In accordance with HSC Section 34177(e), CITY will pay the Auditor the purchase price for the properties as listed in Exhibit A, and the Auditor will distribute the sales proceeds to the taxing entities based on their share of the base property tax as set forth on HSC Section 34188 for the tax rate where each property is located.

NOW, THEREFORE, in consideration of the information in the Recitals and the mutual commitments as hereinafter set forth, the CITY and TAXING ENTITY enter into this Agreement as follows:

### AGREEMENT

1. Incorporation of Recitals. The aforementioned Recitals are true and correct and are incorporated into this Agreement by this reference.
2. Consideration; Consent to Sale. In consideration that CITY will pay Auditor the purchase price for each of the properties as listed in Exhibit A in accordance with the provisions of HSC Sections 34191.5(c)(2)(B) and 34188, TAXING ENTITY agrees to accept the Appraiser's determination of the June 2011 fair market value of each of the properties and consents to the sale from RASA to the CITY.
3. CITY Retained Rights. TAXING ENTITY understands and agrees that the timing when CITY may acquire each of the properties may vary, but it is expected that the acquisition of all of the properties listed in Exhibit A will occur no later than June 30, 2017. However, CITY retains the right to not acquire any or all of the properties listed in Exhibit A, in which case RASA would sell the properties expeditiously and in a manner to maximize value per HSC Section 34177(e).
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[signature page follows]

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

**CITY OF SACRAMENTO**

**LOS RIOS COMMUNITY COLLEGE  
DISTRICT**

By: \_\_\_\_\_  
John F. Shirey  
City Manager

By: Shirley Matista  
Dr. Brian King for  
Chancellor

Approved As To Form:

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

Attest:

By \_\_\_\_\_  
Assistant City Clerk

**Exhibit A**

**Properties Included In Compensation Agreement**

<b>Property Address</b>	<b>APNs</b>	<b>June 2011 Value</b>	<b>Purchased w/ Tax-exempt Bonds</b>
<b>800-816 K Street</b>	APN 006-0098-003,-004,-006,-007,-008, - 022, and -024	\$2,020,000	Yes
<b>1121 – 1125 8<sup>th</sup> Street and 805-815 L Street</b>	APN 006-0098-021 and -014	\$620,000	Yes

## COMPENSATION AGREEMENT FOR CITY RETAINED REDEVELOPMENT AGENCY PROPERTIES

This COMPENSATION AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_, 2016 (“Effective Date”) by and between the CITY OF SACRAMENTO, a municipal corporation (“CITY”), and Sacramento City Unified School District, a \_\_\_\_\_ (“TAXING ENTITY”) with regard to CITY’s purchase of real property which was previously owned by the Redevelopment Agency of the City of Sacramento (Agency).

### RECITALS

- A. AB x1 26 (Blumenfield), which was enacted on June 28, 2011 as Chapter 5 of Statutes of 2011, was upheld by the ruling of the California Supreme Court in the case *California Redevelopment Association et al., v. Matosantos et al.*, issued on December 29, 2011. Under AB x1 26, Section 34172(a)(1) was added to the Health and Safety Code (HSC) and provides that all redevelopment agencies in the state were dissolved as a legal entity, and the effective date of the such dissolution was set as February 1, 2012, per the ruling in the *Matosantos* case. AB 1484 (Committee on Budget), a Budget Trailer bill, enacted on June 27, 2012 as Chapter 26, Statutes of 2012, made technical and substantive changes to AB x1 26. In addition, SB 107 (Committee on Budget and Fiscal Review), a Budget Trailer bill, enacted on September 22, 2015 as Chapter 325, Statutes of 2015, made further changes to the disposition of Agency properties. Collectively AB x1 26, AB 1484 and SB 107 are referred to as the “Dissolution Law.”
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  - Clark-Wolcott
  
- F. RASA hired one of these appraisers to prepare an appraisal of each of the properties as listed in Exhibit A, which is attached and incorporated into this Agreement by this reference. The appraiser(s) determined the fair market value of each of the properties as of June 2011 based on its current zoning and comparable sales data. These appraisals and the preliminary title reports were made available for review by TAXING ENTITY.
  
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- H. In accordance with HSC Section 34177(e), CITY will pay the Auditor the purchase price for the properties as listed in Exhibit A, and the Auditor will distribute the sales proceeds to the taxing entities based on their share of the base property tax as set forth on HSC Section 34188 for the tax rate where each property is located.

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[signature page follows]

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

**CITY OF SACRAMENTO**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
John F. Shirey  
City Manager

By:  \_\_\_\_\_  
Gerardo Castillo, CPA  
~~Interim~~ Chief Business Officer

Approved As To Form:

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

Attest:

By \_\_\_\_\_  
Assistant City Clerk

## Exhibit A

### Properties Included In Compensation Agreement

Property Address	APNs	June 2011 Value	Purchased w/ Tax-exempt Bonds
<b>800-816 K Street</b>	APN 006-0098-003,-004,-006,-007,-008, - 022, and -024	\$2,020,000	Yes
<b>1121 – 1125 8<sup>th</sup> Street and 805-815 L Street</b>	APN 006-0098-021 and -014	\$620,000	Yes

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

**SELLER: CITY OF SACRAMENTO**  
**BUYER: 800 Block Partners, LLC**  
**PROPERTY: 800 K and L Street Parcels**  
**DATED: October 18, 2016**

## **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, which are also referred to individually as "Party" and collectively as "Parties."

### **Background**

A. The City of Sacramento ("City") and SBH Real Estate Group LLC ("SBH REG"), among other parties, entered into the Property Conveyance Agreement and Joint Escrow Instructions dated May 20, 2014 (City Agreement No. 2014-0507). This "Property Conveyance Agreement" provided SBH REG a right of first refusal to purchase the property listed in Exhibit A-4 in that agreement, which is comprised of 10 separate parcels of land with nine assessor parcel numbers comprising a portion of the 800 blocks of K and L Streets that are referred to collectively in that agreement as the ROFR Parcel. 800 Block Partners, LLC is an affiliate of SBH REG.

B. The ROFR Parcel is currently owned by the City's affiliated agency, the Redevelopment Agency Successor Agency ("RASA"). Before RASA can dispose of the ROFR Parcel, state Dissolution Law (AB 1X 26, AB 1484 and SB 107) requires approval of RASA's Long Range Property Management Plan ("Plan") by its Oversight Board and the State Department of Finance ("DOF"). The Oversight Board approved the revised Plan on December 15, 2015 and DOF approved the Plan on December 31, 2015. The Plan identified the ROFR Parcel as being retained by the City for future development. The Plan approval by DOF and the Oversight Board's action on January 25, 2016 to delegate authority to RASA to implement the Plan, allows City to purchase the ROFR Parcel from RASA based on its fair market value as of June 2011, when the law to dissolve redevelopment agencies was enacted, per Health and Safety Code Section 34189(f)(2). RASA has conducted an appraisal of the ROFR Parcel and the City has agreed to purchase the ROFR Parcel for that price. The transfer of the RASA property to City will occur simultaneously on the Closing Date under this Agreement

C. In October of 2015, in anticipation of the Plan approval, RASA, with the assistance of Turton Commercial Real Estate ("Turton"), issued a solicitation for the sale of the ROFR Parcel on behalf of RASA. Turton, with the approval of RASA, divided the ROFR Parcel into two sets of parcels to offer for sale, the 800 Block of K Street containing seven parcels of vacant land and the 800 Block of L Street containing three parcels of land with buildings, with the two blocks of land separated by the alley between K and L Streets. RASA accepted a \$4,200,000 offer for the 800 Block of K Street on December 8, 2015 and a \$1,922,000 offer for the 800 Block of L Street on December 10, 2015. Each offer included a \$100,000 initial deposit at the time of execution of the Purchase and Sale Agreement with the 800 Block of K Street being a non-refundable deposit and the 800 Block of L Street deposit refundable at the expiration of a 60 day feasibility and investigation period if the sale is not consummated because of items discovered during the feasibility and investigation period. The 800 Block of K Street offer provided for an additional \$100,000 deposit after a

30 day feasibility period. The offers included a 30 to 60 day feasibility and investigation period, various development concepts for the parcels and buildings, splitting escrow and title fees and City transfer tax costs, and City to pay the County transfer tax. The closing date in both offers was 60 days after mutual execution of the purchase and sale agreement.

D. The offer for the 800 Block of K Street included two development concepts, both with 19,000 sq. ft. of ground floor retail and on-site parking in either a 8 story mid-rise apartment building with 95 units or a 13 story high rise apartment building with 171 units. The offer for the 800 Block of L Street included 50 residential units and 15,000 sq. ft. of retail space, preserving the historically significant features of the Bel-Vue Apartment building, potential reuse of the building known as Sam’s Hof Brau (815 L Street), and demolition of the Feldhusen Building at 805 L Street to make way for new construction.

E. On May 19, 2011, the City of Sacramento Preservation Commission approved development of both blocks of 800 K and L Streets for a mixed-use housing project that included a new 6 story building of 195,000 sq. ft. on K Street with 144 residential units and 12,000 sq. ft. of retail, preservation of the historic Bel-Vue Apartment building, and a new mixed use building on L Street, with a total of 200 residential units, 23,000 sq. ft. of retail and 174 parking spaces. That project was determined to be exempt from CEQA under the “infill” exception per section 15332 of the CEQA Guidelines. The development concepts in the offers for the 800 Block of K Street and the 800 Block of L Street also qualify for the CEQA infill exception.

F. On December 15, 2015, the City Council, acting both as the governing board for RASA and the City, indicated support of the development concepts and approved accepting these offers contingent on whether SBH REG was to exercise its Right of First Refusal. Under section 25 of the Property Conveyance Agreement, SBH REG could elect to purchase the ROFR Parcel at the price and other terms and conditions contained in a third party offer. SBH REG timely elected to exercise its right to purchase the ROFR Parcel on the same terms and conditions as the two offers. SBH REG has formed an entity to own and develop the ROFR Parcel, which entity is the “Buyer” under this Agreement.

### **Agreement**

In consideration of the information contained in the Background and the mutual covenants, commitments, and promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which has been acknowledged and verified, Buyer and Seller agree as follows:

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

<b>Effective Date:</b>	The date after this Agreement is approved by the City Council of the City of Sacramento and executed by both Parties.
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<b>Seller:</b>	The City of Sacramento, a municipal corporation (“City”).
<b>Seller's Address:</b>	City of Sacramento Office of the City Manager Attention: John Dangberg New City Hall 915 I Street, 5 <sup>th</sup> Floor Sacramento CA 95814 Phone No.: (916) 808-1222 Fax No.: (916) 808-7618 E-Mail: <a href="mailto:jdangberg@cityofsacramento.org">jdangberg@cityofsacramento.org</a>
<b>Seller's Counsel:</b>	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: <a href="mailto:spatterson@cityofsacramento.org">spatterson@cityofsacramento.org</a>
<b>Buyer:</b>	800 Block Partners, a limited liability company
<b>Buyer's Address:</b>	John Rinehart One Sports Parkway Sacramento CA 95834 Phone No.: (916) 928-3636 Fax No.: (916) 928-6983 E-Mail: <a href="mailto:Rinehart@kings.com">Rinehart@kings.com</a>  With a copy to:  Randy Koss SBH Real Estate Group LLC 660 J Street, Suite 444 Sacramento CA 95814 Phone No. (916) 928-9982 E-Mail: <a href="mailto:rkoss@kings.com">rkoss@kings.com</a>

<b>Buyer's Counsel:</b>	Pioneer Law Group LLP Attention: Jeffrey Dorso, Esq. 1122 S Street Sacramento CA 95811 Phone No.: (916) 287-9500 Fax No.: (916) 287-9515 E-Mail: <a href="mailto:Jeffrey@pioneerlawgroup.net">Jeffrey@pioneerlawgroup.net</a>
<b>Property:</b>	Those certain 10 parcels of land and buildings located in the City of Sacramento, County of Sacramento, State of California, consisting of:  28,800 sq. ft. of land with an address of 800-816 K Street, and 1109-1115 8 <sup>th</sup> Street known as the 800 Block of K Street (APN No. 006-0098-003, 004, 006, 007, 008, 022 and 024); and  24,000 sq. ft. of land and approximately 65,000 sq. ft. of buildings with an address of 1121-1125 8 <sup>th</sup> Street and 808-815 L Street known as the 800 Block of L Street (APN No.006-0098-021 [2 parcels] and 006-0098-014);  as described in <u>Exhibit 1</u> (the "Legal Description"), 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; and together with the personal property located on the Property as described in the General Assignment and Bill of Sale in <u>Exhibit 2</u> (the "General Assignment").
<b>Purchase Price:</b>	The total Purchase Price for the Property is <u>\$6,122,000.00</u> , subject to reduction for Remediation Credit as set forth in <u>Section 4 (c)</u> .

<b>Escrow Holder:</b>	Fidelity National Title Company Attn: Paul Avila 1375 Exposition Blvd, Suite 240 Sacramento CA 95815 Phone No.: (916) 646-6057 Fax No.: (916) 646-6043 E-Mail: PAvila@fnf.com
<b>Escrow Instructions:</b>	The instructions issued by Seller and Buyer to Escrow Holder are in <u>Exhibit 3</u> , in addition to the terms and conditions set forth in this Agreement for Escrow No. 13-5015196-PA.
<b>Closing Date:</b>	In accordance with <u>Section 9</u> of this Agreement and no later than 10 days following Buyer's waiver of Buyer's Contingencies pursuant to Section 11.
<b>Title Company:</b>	Fidelity National Title Company
<b>Preliminary Title Report:</b>	The report dated April 8, 2016 issued by the Title Company describing the title to the Property and any encumbrances.

**2. Exhibits.** The following Exhibits are defined in this Agreement and are attached and incorporated into this Agreement by this reference:

- Exhibit 1**      Legal Description
- Exhibit 2**      Form of General Assignment and Bill of Sale
- Exhibit 3**      Escrow Instructions
- Exhibit 4**      Form of RASA to City Grant Deed
- Exhibit 5**      Form of City to Buyer Grant Deed

**3. Purchase and Sale.** Subject to the discretion afforded to each Party and compliance with all of the terms, covenants, and conditions in this Agreement, Buyer agrees to purchase the Property from Seller, and Seller agrees to sell the Property to Buyer, at the Purchase Price. After the Property is conveyed from RASA to City by means of a Grant Deed in the form attached as Exhibit 4, the Property shall be conveyed to Buyer from Seller by means of a Grant Deed in the form attached as Exhibit 5. 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 as Exhibit 2.

**4. Purchase Price, Deposits and Remediation Credit.** Buyer and Seller agree to the following provisions:effective

(a) **Purchase Price.** The Purchase Price for the Property shall be Six Million One Hundred and Twenty Two Thousand Dollars (\$6,122,000.00) minus the Remediation Credit set forth in subsection (c) below, which Buyer shall pay to Escrow Holder prior to the Closing Date in accordance with provisions in Section 13.

(b) **Deposits.** Within five (5) days after Escrow has opened, Buyer shall deposit the sum of Two Hundred Thousand Dollars (\$200,000.00) (the "Deposit"), in the form of a certified or cashier's check or wired funds paid to Escrow Holder to be deposited into the Escrow account established pursuant to this Agreement as an advance against payment of the Purchase Price for Property. If the Closing does not occur for any reason, other than because of Seller's default, termination of this Agreement in accordance with Section 25, condemnation of the Property in accordance with Section 26 (b), then: (i) \$100,000 of the Deposit shall be forfeited by Buyer, and (ii) an additional \$100,000 of the Deposit shall be forfeited if Buyer terminates the Agreement after the expiration of the "Buyer's Contingency Period" (as defined in Section 11). Escrow Holder shall transmit all or a portion of the Deposit to Seller if the Closing does not occur based on the foregoing provisions, and the remaining amount, if any, to Buyer, within ten (10) days after this Agreement is terminated.

(c) **Remediation Credit.** The Parties acknowledge that the Property contains underground tanks that were believed to have been used to store petroleum products, and that it is likely that the petroleum products leaked into the soil and are Hazardous Substances as defined in Section 7, below. Buyer has had an opportunity to perform a preliminary investigation as to the extent of the soil contamination and the potential cost for remediation. As a negotiated term for the purchase of the Property, Seller will provide Buyer with a credit towards the cost of assessing and remediating any environmental conditions (the "Remediation Credit") in the amount of Two Hundred Thousand Dollars (\$200,000.00). If the total estimated cost of assessing and remediating the environmental conditions ("Remediation Cost") is more than the amount of the Remediation Credit, Buyer shall submit to Seller Buyer's environmental consultant's Remediation Cost estimate no later than 10 days before the Closing. If the Remediation Cost estimate exceeds \$200,000, Seller shall set-aside \$200,000 from the proceeds of the sale into segregated account to reimburse Buyer for all actual Remediation Costs that exceed \$200,000, up to \$400,000. Buyer shall submit to Seller its contractor invoices to verify the actual Remediation Costs incurred at the Property to obtain reimbursement, and Seller shall make payment within 30 days from receipt of each invoice. Seller's obligation to reimburse Buyer's actual Remediation Costs in excess of \$200,000 shall expire two years after the Closing. Any Remediation Costs above \$400,000 shall be the Buyer's sole responsibility. Buyer's indemnity and release of Seller under Section 7 shall apply, and Buyer shall have no right to seek contribution against Seller or RASA as the prior owners of the Property for the Remediation Costs.

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

(a) As of Closing, Buyer will have 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 will have accepted the physical condition, value, presence or absence of Hazardous Substances, use, leasing, operation, tax status, income and expenses of the Property, in accordance with Buyer's Contingencies per Section 11. The Property will be purchased by Buyer "AS IS" and "WHERE IS" and with all faults. As of Closing, Buyer will have decided to purchase the Property solely on the basis of its own independent investigation and not in reliance on any reports, documents or other information Seller may have disclosed or provided to Buyer. Buyer's acceptance of the Property in its "AS IS" and "WHERE IS" condition is in reliance on Seller's representations and warranties contained in this Agreement being materially true and correct as of the Effective Date and as of the Closing Date.

(b) Other than as expressly set forth in Section 7 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 or 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 7, 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.

(c) 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 THE CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY BEING ACQUIRED BY BUYER.

**6. Development of Property.** The obligations and releases between Seller and Buyer with regard to development of the Property are as follows:

(a) **Buyer's Development Project.** Buyer agrees to use commercially reasonable efforts to develop the Property in the near term. The contemplated density and uses for Buyer's development project(s) would be generally consistent with the conceptual development proposals in the offers by developing the Property for mixed use retail and housing, including preservation of the historic Bel Vue building.

(b) **Seller's Property Development Nonliability.** Buyer acknowledges and accepts that Seller will not be liable to Buyer regarding any inability of Buyer to use and develop the Property for Buyer's intended use and agrees with the following provisions:

- 1) Seller shall not be bound by any verbal or written statements, representations, real estate broker's "setups," or other information pertaining to the Property that may have been furnished by any real estate broker or agent, or by any officer, employee or agent of Seller.

- 2) Even though Seller is a government agency with regulatory authority over development of property within the jurisdictional boundaries of the City of Sacramento, Seller shall not be liable to Buyer for any verbal or written statements, representations, or other information that any of Seller's officers, employees, agents, or contractors may have disclosed to Buyer regarding the ability to develop the Property for Buyer's intended use.
- 3) Seller, acting as a government agency with municipal land use regulatory authority, retains the right in connection with its review of any applications for development of the Property that Buyer may file after the Effective Date, to consider the consistency of the proposed project with the adopted plans and zoning regulations, the environmental impacts of the project pursuant to the California Environmental Quality Act, to impose conditions and mitigation measures that may modify the project, and to elect not to approve the project or issue any permits that may be required to develop the Property. Seller shall have no obligation whatsoever to exercise its legislative and discretionary municipal land use regulatory authority in any particular manner to benefit Buyer. This Agreement shall not be construed as a "development agreement" within the meaning of Government Code Section 65864 *et seq.*

(c) The provisions of this Section 6 shall survive the Closing and the recording of the Grant Deed conveying the Property from Seller to Buyer.

**7. Seller's Disclosure and AS-IS Transfer and Environmental Indemnity.**

Seller and Buyer agree to the following provisions with regard to the physical condition of the Property, the financial condition of the Property, the value of the Property, the suitability of the Property for Buyer's intended use, and the accuracy or completeness of any information from Seller 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. For this Section 7 only, the term "Seller" includes its officers, employees, agents and representatives and its affiliate RASA, and the term "Buyer" includes its employees, agents, representatives, attorneys, affiliates, successors and assigns.

(a) In accordance with California Health and Safety Code Section 25359.7, California Government Code Sections 8589.3, 8589.4 and 51183.5, California Public Resources Code Sections 2621.9, 2694 and 4136, collectively the "Disclosure Statutes," Seller discloses that there has been a release of Hazardous Substances, as defined below, from at least one of the two heating oil fuel tanks on or adjacent to the Property known as the Bel-Vue Apartments located at 1121 8<sup>th</sup> Street (Assessor Parcel No. 006-0098-021) which tanks and substances remain on and beneath that portion of the Property and constitute contamination under the Environmental Laws. Seller also has disclosed to Buyer as part of the information released by Turton in soliciting the offers that there are two underground tanks in the parking lot of the 813-815 L Street property (Assessor Parcel No. 006-0098-014). Seller does not warrant that any of the other portions of the Property are free of Hazardous Substances, or that prior occupants of the buildings did not release Hazardous

Substances, or that the buildings on the Property do not contain other Hazardous Substances. Because of the age of the existing buildings, they may contain lead paint and asbestos, and other unsuitable materials.

(b) Seller has made a good faith effort to identify and has provided to Buyer all reports in its possession regarding the condition of the Property with regard to the release of Hazardous Substances and the presence of any other underground storage tanks in, on or about the Property, and discloses to Buyer that to the best of its knowledge no additional information exists. Buyer agrees that Seller shall not be held liable for any errors or inaccuracies in any reports Seller obtained from the prior owner of the Property, the Redevelopment Agency of the City of Sacramento, that Seller provided to Buyer. Seller will provide Buyer with the opportunity to inspect the Property and conduct tests of the soil, groundwater, and any sidewalks and/or building foundations, buildings or other materials that may exist on the Property. Buyer acknowledges that any condition of the Property which Buyer discovers or desires to correct or improve prior to or after Closing shall be at Buyer's sole expense, except as set forth in Section 4 (c).

(c) The Natural Hazards Report, if any, as defined in Section 19 shall not be deemed to constitute a representation or warranty by Seller as to the presence or absence in or around the Property of any conditions that are the subject of the Disclosure Statutes.

(d) For the purposes of this Agreement, the term "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 ignitability, 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, and polychlorinated biphenyls (PCBs), which are now or may become in the future listed, defined or regulated in any manner by any Environmental Law or regulation.

(e) For the purposes of this Agreement, the term "Environmental Law(s)" means any and all federal, state and local environmental, health, or safety related laws, regulations, ordinances, codes, decrees, directives, standards, rules, guidelines, permits, and decisions of federal and state courts as currently existing and as may be amended, enacted, issued or adopted in the future, which due to the presence or potential presence of Hazardous Substances are or become applicable to the Property or persons or entities who own, occupy, use, visit, or work on or in the Property. Environmental Laws include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as set forth in 42 USCA 9601 *et seq.*, the California Hazardous Waste Control Laws as set forth in California Health and Safety Code Sections 21500 *et seq.*, and the California Porter Cologne Act as set forth in California Water Code Section 13000 *et seq.*

(f) If Buyer proceeds to Closing with actual knowledge of any matter discovered during Escrow with respect to the Property which is in conflict with any of Seller's representations and warranties in this Agreement, Buyer shall be deemed to have waived

such Seller's representations and warranties to the extent inconsistent with Buyer's actual knowledge, subject to Sections 4 and 11 and the terms of this Agreement.

(g) **Environmental Indemnity** - Upon Closing, excluding "Claims" from third parties that accrued prior to Closing, Buyer shall defend, indemnify and hold Seller harmless from and against any and all "Losses" arising out of or relating to the Property for any "Release," Hazardous Substances, or any violations of any Environmental Laws for which the Seller is not otherwise reimbursed or made whole by Buyer or its affiliates. Buyer's obligations hereunder shall survive the Closing for a period of twelve (12) months from the date of the Closing. This indemnity shall be binding upon Buyer, its successors and its assigns and shall inure to the benefit of and shall be enforceable by Seller. Notwithstanding the above, Seller shall be responsible for any County or other environmental agency penalties or fines issued for environmental violations that occurred prior to closing.

- 1) The terms "Losses" and "Release" are defined in the Property Conveyance Agreement and those definitions are incorporated in this Agreement by this reference.
- 2) The term "Claims" as used in this Section 7 means any and all claims, liabilities, losses, obligations, orders, requirements, restrictions, liens, penalties, fines, charges, debts, demands, damages, costs, expenses, counterclaims, suits, proceedings, actions, 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, whether foreseeable or unforeseeable, and howsoever arising or accruing

(h) **Limited Release** - Except as expressly provided herein, and subject to the indemnities set forth herein, Buyer and Seller hereby fully and irrevocably release each other from all Claims against the same for the costs, losses, liability, damage, expenses, demand, action or cause of action arising from or related to the condition of the Property.

THIS RELEASE INCLUDES CLAIMS FOR WHICH A PARTY IS PRESENTLY UNAWARE OR WHICH A PARTY DOES NOT PRESENTLY SUSPECT TO EXIST WHICH, IF KNOWN BY SUCH PARTY, WOULD MATERIALLY AFFECT THE PARTIES' RELEASES. THE PARTIES SPECIFICALLY WAIVE THE PROVISION OF THE CALIFORNIA CIVIL CODE SECTION 1542, WHICH 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."

\_\_\_\_\_  
Seller's Initials

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

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 specifically represents that Buyer has carefully reviewed the Release provisions with its legal counsel and the Parties agree that the Release provisions are a material part of this Agreement. Buyer acknowledges that it fully understands, appreciates and accepts all of the terms and provisions in this Section 7.

(i) Buyer acknowledges that the foregoing Release of Claims is voluntary and without any duress or undue influence, and is given in consideration for Seller's consent to sell the Property to Buyer under the terms of this Agreement. Buyer expressly acknowledges that it may discover facts different from or in addition to those which it believes to be true as the Effective Date with respect to the Release of Claims. Buyer agrees that the foregoing Release and Indemnity shall be and remain effective in all respects notwithstanding such different or additional facts, except in instances of fraud or willful and wrongful acts or omission of the Released Parties.

(j) The provisions of this Section 7 shall survive the Closing and the recording of the Grant Deed conveying the Property from Seller to Buyer.

**8. Maintenance of Property and Commitments After Effective Date.** From the Effective Date until the Closing, Seller shall not: (a) be obligated to undertake any repairs or improvements of the Property; or (b) take or authorize any other action with regard to the Property, including making any commitments or representations to any third party, including governmental authorities and lenders, or adjoining or surrounding property owners without the prior written approval from Buyer; but excluding actions necessary to protect the public health, safety or welfare. Seller will continue its property maintenance contract to inspect all of the buildings to evict trespassers and to protect the Bel Vue building from vandalism, but shall not otherwise be required to maintain the Bel Vue building or remediate any contamination.

**9. Escrow and Closing.** The Escrow process for the purchase and sale of the Property between Buyer and Seller shall be as follows:

(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 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; provided, however, no such instructions or instruments shall conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of Escrow Holder's instructions or 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 Holder, or other mutually acceptable location agreed to in writing by Buyer and Seller. Notwithstanding anything in this Section 9 to the contrary, the Parties agree to use commercially reasonable efforts to pre-close the transaction (i.e., deliver 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, and Buyer's and Seller's respective rights to extend the Closing Date and to terminate this Agreement that are expressly set forth this Agreement and/or the Escrow Instructions.

(c) **Possession of the Property.** As of the Closing Date, Buyer shall obtain rights to the full possession of the Property and any keys, the personal property located on the Property as described in the General Assignment, and any other items as described in this Agreement are to be delivered by Seller to Buyer. Seller's delivery of possession of the Property to Buyer shall be free and clear of all prior uses and/or occupancies unless Buyer has approved the continued use and occupancy of the Property pursuant to the provisions set forth in this Agreement. Buyer will assume responsibility for the physical condition of the Property from the date of Closing and thereafter.

**10. Independent Consideration.** The consideration that 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 is based on the terms of the Property Conveyance Agreement.

**11. Buyer's Contingencies.** Buyer's obligation to consummate the purchase of the Property is subject to the satisfaction or waiver, on or before the "Buyer's Contingency Period" which is sixty (60) days from the Effective Date of this Agreement of the following conditions precedent (collectively, "Buyer's Contingencies"), which are for Buyer's benefit only.

Buyer in its sole and complete discretion may terminate this Agreement at any time up to 5:00 p.m. PST on the day Buyer's Contingency Period expires to avoid loss of all or a portion of Buyer's Deposit as set forth in Section 4. If this Agreement is not terminated before the expiration of Buyer's Contingency Period, then Buyer shall be deemed to have waived all of Buyer'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 and the Escrow Instructions.

(a) **Title Review.** Seller has delivered to Buyer the Preliminary Title Report from the Title Company prior to execution of this Agreement. As part of the Escrow

Instruction, the exceptions which Buyer will permit to remain on title (the "Permitted Exceptions") are listed 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 other entities. Buyer shall be satisfied with title to the Property, subject only to the Permitted Exceptions, as reflected in the Preliminary Title Report, by the Closing Date.

(b) **Inspections and Studies.** Buyer has or will investigate the suitability of the Property for Buyer's intended uses. Buyer's investigations may include, without limitation, Subdivision Map Act requirements, zoning, availability and cost of providing utilities, sewers and storm drains, topographic and soil studies, building inspections, and environmental site assessments.

(c) **Representations and Warranties.** All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the Effective Date and as of the Closing Date.

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

(e) **Title Insurance.** The conveyance by the Seller of good and marketable fee title to the Property, as evidenced by a standard form California Land Title Association ("CLTA") standard coverage owner's title policy to be issued by the Title Company 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 set forth in the Escrow Instructions.

**12. Seller's Contingencies.** Seller's obligation to sell the Property to Buyer is subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions precedent ("Seller's Contingencies"), which are for Seller's benefit only. If this Agreement is not terminated before the Closing Date, 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 and the Escrow Instructions.

(a) **Representations and Warranties.** All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the Effective Date and as of the Closing Date.

(b) **No Default.** Buyer is not in default in the performance of any material covenant or agreement to be performed by Buyer under this Agreement.

**13. Buyer's Deliveries to Escrow.** At least one (1) business day before the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the

following items, duly executed and, where appropriate, acknowledged ("Buyer's Delivered Items"):

(a) **Funds.** The Purchase Price as defined in Section 4 of this Agreement, minus the Deposit and the Remediation Credit, in the form of a certified or cashier's check or wired funds, plus Buyer's Costs, Buyer's share of prorations set forth on the Proration and Expense Schedule, and Buyer's share of the General Expenses, all as defined in Section 16.

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

(c) **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 in this Agreement as may be reasonably requested by Seller or Title Company.

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

(e) **Failure to Deliver.** If Buyer is in default of 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 of this Agreement, then Seller shall be entitled to pursue any and all rights available to Seller under this Agreement, at law or in equity.

**14. Seller's Deliveries to Escrow.** 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"):

(a) **Grant Deeds.** The RASA to City Grant Deed and the City to Buyer Grant Deed in the forms attached as Exhibit 4 and Exhibit 5. The title transferred under the City to Buyer Grant Deed shall be free of all real property taxes and assessments and all other state, county and local taxes, charges, penalties, fines, and bonds (general, special or otherwise), imposed or assessed, which accrued as of the Closing Date, including any "catch up" amounts as described in Section 16 (e), but excluding matters ascertainable by a reasonable inspection and survey of the Property, and the Permitted Exceptions as described in the Escrow Instructions.

(b) **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.

(c) **Further Documents or Items.** Any other documents or items as may be reasonably requested by Buyer or Title Company to close the transactions contemplated by this Agreement.

(d) **Failure to Deliver.** If Seller is in default of 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 of this Agreement, then Buyer shall be entitled to pursue any and all rights available to Buyer under this Agreement as set forth in Section 23.

**15. 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 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, Prorations, and General Expenses, all as defined in Section 16, and disbursements to be made by Escrow Holder.

**16. Costs and Expenses.** Should Buyer terminate this Agreement, Buyer will be responsible for any and all Escrow Expenses incurred by Escrow Holder. If there is a Closing and the Property is transferred from Seller to Buyer, then the costs and expenses of this transaction shall be allocated between Seller and Buyer as follows:

(a) **Seller's Costs.** Seller shall bear the following costs and expenses at Closing: (i) one-half (½) of the Escrow Expenses; (ii) Seller's share of Prorations and General Expenses; (iii) the cost of recording all releases and other documents to remove all monetary liens, if any, 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 RASA to City Grant Deed and the City to Buyer Grant Deed, if any; (v) the costs of a CLTA standard coverage owner's title policy; (vi) ½ of the City transfer tax, and (vii) all of the County transfer tax, if required (collectively, "Seller's Costs").

(b) **Buyer's Costs.** Buyer shall bear the following costs and expenses at Closing: (i) all of the costs of any endorsements to the CLTA standard coverage owner's title policy; (ii) one-half (½) of Escrow Expenses; (iii) Buyer's share of General Expenses and Prorations; (iv) ½ of the City transfer tax; and (v) all title policy insurance costs for any deed of trust (collectively, "Buyer's Costs").

(c) **Escrow and General Expenses.** Buyer and Seller shall pay, respectively, Escrow Holder's customary and reasonable charges to buyers and sellers for preliminary title reports, escrow services, document drafting, recording and miscellaneous charges (the "Escrow Expenses"). If, through no fault of either Buyer or Seller, Escrow fails to close, Buyer and Seller shall share equally all of the Escrow Expenses; however, if the Closing fails to close as the result of the default of either Party, then such defaulting party shall bear all of the Escrow Expenses. All other costs and expenses for the Closing which are not listed in this Agreement shall be allocated between Buyer and Seller in accordance with the

customary practice in Sacramento County, California (the "General Expenses.") Each Party shall bear the costs of its own attorneys and consultants in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated in this Agreement.

(d) **Proration of Expenses.** Any expenses associated with maintenance and operation of the Property (the "Prorations") will be allocated between Seller and Buyer as of 11:59 p.m. on the day immediately preceding the Closing Date. Not less than three (3) business days before the Closing Date, Escrow Holder shall deliver to Buyer and Seller a tentative schedule of the Prorations (the "Proration and Expense Schedule") for Buyer's and Seller's respective approval. If any Prorations require final adjustment after Closing, then the Parties shall make the appropriate adjustments promptly when accurate information becomes available and either Party shall be entitled to an adjustment to correct the same. To the extent the amount exceeds \$250.00, any corrected or adjustment Proration shall be paid promptly in cash to the Party entitled to such payment.

(e) **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. Buyer shall not be liable for any "catch-up" assessments owed because the Property ownership changed from a public agency to a private party.

(f) **Utility Charges and Service Contracts.** Seller shall make arrangements with the utility companies to terminate utility services and with any other company providing services to the Property as of the date of the Closing Date. Seller shall be responsible for the payment of all utility and service 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 for the Property and the costs of resuming utility and other services for the Property for the period after Closing shall be the sole responsibility of Buyer. The preceding provisions shall survive Closing.

**17. Closing Procedure.** When the 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 close Escrow as of the specified Closing Date, or at a sooner date with approval of both Parties, 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 Grant 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 Grant Deed for recordation.

(d) **Notification; Disburse Funds.** Escrow Holder shall provide telephonic or e-mail notice to Buyer and Seller (and their respective counsel) that the Closing has occurred, deliver the final Closing Statement in accordance with Section 18 to each Party by facsimile or e-mail, 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 on the approved Proration and Expense Schedule, the Deposit 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 its Title Company to issue the Buyer's Title Policy to Buyer in accordance with the Escrow Instructions.

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

**18. Post-Closing Instructions.** The Parties acknowledge that the original grant deeds will be returned by the County Recorder's Office to the grantee. Promptly after the Closing, Escrow Holder shall deliver the following instruments:

(a) **To Seller.**

- i. One (1) conformed copy of the recorded RASA to City Grant Deed;
- ii. One (1) conformed copy of the recorded City to Buyer Grant Deed;
- iii. One (1) fully-executed original of the General Assignment; and
- iv. 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. One (1) conformed copy of the recorded RASA to City Grant Deed;
- ii. One (1) conformed copy of the recorded City to Buyer Grant Deed;
- iii. One (1) fully-executed original of the General Assignment;
- iv. 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.

**19. Exclusion of Seller's Representations and Warranties.** In consideration of Seller entering into this Agreement and as an inducement to Seller to allow Buyer to purchase the Property, Buyer agrees with the following statements:

(a) By execution of this Agreement, Buyer acknowledges and agrees that, with the exception of those representations and warranties specifically set forth in this Agreement, 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, with regard in any way to the transactions described in this Agreement.

(b) No person acting on behalf of Seller is authorized to make any representations or warranties of any kind or character whatsoever, 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 its planned 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.

(c) 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 prepare a Natural Hazards Report to ascertain whether or not the Property is subject to any natural hazards as listed above.

**20. 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, 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 under this Agreement:

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

(b) **Requisite Action.** All requisite action, including, without limitation, approval by the Sacramento City Council and all other pertinent review and approval by any other person or entity affiliated with Seller, has been taken by Seller in connection with entering into this Agreement as of the Effective Date and the instruments referenced in this Agreement, and to consummate the transactions contemplated in 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 in this Agreement, and to consummate the transactions contemplated in this Agreement.

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

(d) **RASA Transfer.** Seller affirms that the Plan identified the ROFR Parcel as being retained by the City for future development. The Plan approval allows City to purchase the ROFR Parcel from RASA based on its fair market value as of June 2011, when the law to dissolve redevelopment agencies was enacted. RASA has conducted an appraisal of the ROFR Parcel by an appraiser approved by its Oversight Board and City has agreed to purchase the ROFR Parcel for that price. Seller affirms that the transfer of the ROFR Parcel from RASA to City will occur simultaneously on the Closing Date pursuant to the terms of this Agreement.

(e) **No Conflict.** Neither the execution and delivery of this Agreement, the documents or instruments referenced in this Agreement, nor incurring the obligations, consummation of the transactions, and compliance with the terms of this Agreement 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.

(f) **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.

(g) **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.

(h) **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 or will be paid in full and there are no mechanics' or materialmen's liens (whether or not perfected) on or affecting the Property.

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

(j) **Leases and Defaults.** As of the Closing, the Property will not be subject to any lease or other occupancy agreement without Buyer's consent. Seller discloses to Buyer that RASA has issued a right of entry to 700 Block Investors, L.P., a California Limited Partnership, to allow construction materials to be temporarily stored on the 800 block of K Street parcels. Buyer shall instruct Seller in writing whether Buyer desires that this right of entry permit be terminated prior to Closing at least thirty-five (35) days before the Closing Date. Seller represents the right of entry is to terminate on December 31, 2017 and that it may be terminated sooner with thirty (30) days prior written notice. 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.

(k) **Lawsuits.** To the best of Seller's knowledge, as of the Effective Date, 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.

**21. Exclusion of Buyer's Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller agrees that by execution of this Agreement, Seller acknowledges and agrees that, with the exception of those representations and warranties specifically set forth in this Agreement, 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 or present, with regard in any way to the transactions described in this Agreement.

**22. 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 Effective Date and at and as of the Closing. 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 the State Franchise Tax Board and Buyer has the legal power, right and

authority to enter into this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

(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 in this Agreement, and to consummate the transactions contemplated in 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 Buyer to execute this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

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

(d) **No Conflict.** Neither the execution and delivery of this Agreement, the documents or instruments referenced in this Agreement, nor incurring the obligations, consummation of the transactions, and compliance with the terms of this Agreement 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, partnership agreement, lease or other agreement or instrument to which Buyer is a party.

(e) **Specifically Designated National and Blocked Persons.** Buyer has certified to Seller that it is not a "Prohibited Person" under the Patriot Act, Executive Order 13224, or listed on the OFAC, and will indemnify Seller for breach of the certification as set forth in the Property Conveyance Agreement.

**23. Remedies.** If the sale of the Property is not consummated in accordance with the terms of this Agreement due to the default of either Party, the remedies available are as follows:

(a) **Remedies Upon Seller's Default.** If Seller fails to allow for the Closing as contemplated in this Agreement in a timely manner because of a default by Seller (and Buyer is not also in default), 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 of this Agreement) provided that Seller shall be provided at least ten (10) business days to cure such default. If Buyer terminates this Agreement due to Seller's default, Buyer shall be returned the Deposit from Escrow.

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

(c) **Monetary Damages.** In no event will either Party be liable to the other Party for monetary damages due to breach of this Agreement or for the costs of enforcement of this Agreement, including, without limitation, attorneys' fees and legal costs.

(d) **Deposit.** If Buyer fails or refuses to complete the transaction contemplated in this Agreement for any reason or cause other than (i) the default of Seller, (ii) the failure of Seller to Close by the Closing Date, or (iii) Buyer's contingencies as provided in Section 11; then this Agreement shall be deemed an option agreement and all or a portion of the amount of the Deposit shall be paid by Escrow Holder to Buyer or Seller as set forth in Section 4.

(e) **Escrow Expenses.** If Buyer fails to allow for the Closing as contemplated in this Agreement for any reason, including, without limitation, termination as permitted under Buyer's Contingencies (Section 11), Buyer shall be liable for all of the Escrow Expenses.

(f) **Buyer's Liability.** Other than loss of all or a portion of the Deposit and payment of the Escrow Expenses, Buyer shall have no further liability to Seller of any kind whatsoever by reason of the termination and/or non-performance of this Agreement by Buyer.

**24. Right of Entry.** Seller will issue a permit for Buyer to enter the Property after execution of this Agreement to conduct due diligence inspections and testing, including, without limitation, soil testing, asbestos and lead paint testing of any buildings on the Property, and surveying, staking, and potholing, and to allow Buyer to address Buyer's Contingencies as set forth in Section 11.

**25. Challenge to Agreement.** In the event of any action instituted by a third party challenging the validity of any portion of this Agreement, including, without limitation, the proceedings taken for its approval (including the CEQA requirements), or any other act undertaken by the Parties in furtherance of this Agreement, the Parties agree to cooperate in the defense of the action. In all such litigation, the following shall apply:

(a) Seller may, in its sole discretion, either defend such litigation or tender its defense to Buyer. In the event that Seller determines to defend the action itself, Buyer shall be entitled, subject to court approval, to join in or intervene in the action on its own behalf, or to advocate in favor of validity of this Agreement or any challenged entitlement. In such a case, each Party shall bear its own attorney fees and costs.

(b) In the event that Seller determines to tender the defense of the action to Buyer, Seller shall promptly notify Buyer of its determination. Buyer shall, upon such notice from Seller, at Buyer's sole expense, defend the action on its behalf and on behalf of Seller through counsel reasonably acceptable to Seller, and shall have the right to settle such action, provided Buyer accepts defense and obligation without reservation, and that such settlement does not obligate Seller to make any payment or perform any obligation, or otherwise prejudice Seller, without Seller's consent thereto. Buyer shall bear all attorney

fees and costs associated with such defense from and after the date of the tender. However, Seller may at any time after the tender elect to assume representation of itself; in that event, from and after the date Seller gives notice of its election to do so, Seller shall be responsible for its own attorney fees and costs incurred thereafter.

(c) If, in such litigation, a final judgment or other final order is issued by the court which has the effect of invalidating or rendering ineffective, in whole or in part, any provision of this Agreement or the Agreement itself, the following shall apply:

- (i) Seller and Buyer shall meet and endeavor, in good faith, to attempt to reach agreement on any amendments needed to allow for the contemplated sale of the Property to proceed in a reasonable manner, taking into account the terms and conditions of the court's judgment or order. If agreement is reached, the procedures for amending this Agreement as specified in Section 27(m) shall apply. If agreement is not reached, either Party shall have the right to terminate this Agreement for its convenience without liability to the other Party by giving written notice to the other Party. If the Agreement is terminated by either Party, the Deposit shall be refunded to Buyer.
- (ii) In the event that amendment is not required, and the court's judgment or order requires Seller to engage in other or further proceedings, Seller agrees to comply with the terms of the judgment or order expeditiously.

## **26. 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, or other natural 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. The risk of loss of the Property from any cause shall be transferred to Buyer upon Closing.

(b) **Condemnation.** If, prior to Closing, (i) all or any portion of the Property is taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, or (ii) there is any taking of land lying in the bed of any street, road, highway or avenue, open or proposed, or any change of grade of such street, road, highway or avenue in front of or adjoining all or any part of the Property; then Buyer shall have the right in its sole and absolute discretion to terminate this Agreement within ten (10) days of receiving written notice of said condemnation action. If Buyer elects to proceed with the purchase of the Property, Buyer shall 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 under this Agreement. 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.** Seller represents and warrants to Buyer that RASA, on behalf of Seller, has dealt with a broker in connection with this transaction and Seller shall be solely liable to compensate the broker. Buyer represents and warrants to Seller that it has not dealt with a broker in connection with this transaction. Each Party 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 with the transaction contemplated in this Agreement. The foregoing indemnity shall survive both the Closing or the termination of this Agreement.

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

(f) **No Joint Venture.** Nothing in this Agreement shall be construed to create a principal and agent, a partnership, joint venture, or any other association or other relationship between the Parties.

(g) **Survival.** Notwithstanding any provision of this Agreement to the contrary, the provisions of this Agreement which expressly survive Closing shall so survive. No provision in this Agreement shall merge into the Grant Deed. The covenants, representations, limitations, hold harmless, indemnification and release obligations made by each Party shall survive the Closing.

(h) **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 purchase and sale contemplated in this Agreement and shall use all commercially reasonable efforts to accomplish the Closing in accordance with the provisions of this Agreement.

(i) **Computation of Time Periods.** Time is of the essence of every provision in this Agreement. 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 in this Agreement shall mean each day other than a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided in this Agreement, 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.

(j) **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 or pdf signature shall be deemed an original signature.

(k) **Captions.** Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the Parties, 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 of this Agreement.

(l) **No Obligations to Third Parties.** Except as otherwise expressly provided in this Agreement, 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 other person or entity.

(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.

(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 of this Agreement.

(o) **Time Extension.** No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

(p) **Partial Invalidity.** If any term or provision of this Agreement, or the application of any term or provision to any person or circumstance, is held to be invalid or unenforceable, or is found to be prohibited by law; the remainder of this Agreement and the application of any term or provision to any person or circumstance (other than those provisions or applications which were held invalid, unenforceable, or prohibited) shall not be affected and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(q) **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.

(r) **Venue and Alternative Dispute Resolution.** The Parties agree to submit any disputes arising under the Agreement to a court of competent jurisdiction located in Sacramento, California. Nothing in this Agreement shall be construed to prohibit the Parties from engaging in alternative dispute resolution processes prior to initiating legal proceedings, including, without limitation, mediation and arbitration, upon the discretion and mutual consent of the Parties.

(s) **Attorney's Fees.** Except as otherwise expressly stated herein, the Parties shall bear their own costs and attorneys' fees incurred in connection with this Agreement.

(t) **Limitation of Legal Action.** No initiation of legal proceedings shall be filed by a Party unless such action is filed within one hundred and eighty (180) days from the date of discovery by the aggrieved Party of the facts underlying the claim of default, and the date of discovery being that the date that the facts became known or should have become known to the aggrieved Party based on the circumstances of the default.

(u) **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 in this Agreement. No subsequent agreement, representation or promise made by either Party, or by or to an employee, officer, agent or representative of either Party, shall be of any effect unless it is in writing and executed by the Party to be bound by such agreement, representation or promise.

(v) **Construction.** The Parties hereby acknowledge and agree that: (i) each Party 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 of this Agreement, or any amendments to this Agreement.

[Signature Page Follows]

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

**SELLER:**

CITY OF SACRAMENTO,  
a municipal corporation

**BUYER:**

800 BLOCK PARTNERS, LLC,  
a California limited liability company

By: \_\_\_\_\_  
John F. Shirey, City Manager

By:  \_\_\_\_\_  
John Rinehart, Chief Financial Officer

Dated: \_\_\_\_\_

Dated: 10/5/16

Approved as to Form:

Buyer's Counsel:

By: \_\_\_\_\_  
Senior Deputy City Attorney

By:  \_\_\_\_\_  
Jeffrey Dorso  
Partner, Pioneer Law Group LLP

Attest:

By: \_\_\_\_\_  
Assistant City Clerk

## EXHIBIT 1

### Legal Description

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

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

Parcel One:

The South half of the West 30 feet of Lot 7 and the South half of Lot 8 in the Block bounded by "K", "L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Two:

The North one-half of Lot 8 and the West 30 feet of the North half of Lot 7 in the Block bounded by "K", "L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Three::

The East 40 feet of the West 60 feet of the North one-half (1/2) of Lot 1 in the Block bounded by 8th and 9th K and L Streets of the City of Sacramento, according to the official plat thereof.

Apn: 006-0098-004-0000

Parcel Four:

The East 40 feet of the West 70 feet Lot 7 in the Block bounded by "K", "L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0098-014-0000

Parcel Five:

The North one-half of the West one-quarter of Lot 1 in the Block bounded by Eight and Ninth, "K" and "L" Streets of said City fo Sacramento, according to the official plat thereof.

Apn: 006-0098-003-0000

Parcel Six:

The West 1/4 of Lot 3, in the Block bounded by "K" and "L" Streets, 8th and 9th Streets in the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-008-0000

Parcel Seven::

The East 1/2 of Lot 2 in the Block bounded by 8th and 9th and "K" and "L" Streets of the City of Sacramento, according to the Official Plat thereof.

Reserving therefrom all oil, mineral, gas, geothermal steam casinghead gas, asphaltum and other hydrocarbon and chemical gas now or hereafter found, situated or located in all or any portion of the lands described herein lying more than five hundred feet (500') below the surface thereof, together with the right to slant drill for and

EXHIBIT "A" (continued)

remove all or any of said gas, oil, casinghead gas, asphaltum and other hydrocarbons or chemical gas lying below a depth of more than five hundred feet (500') below the surface thereof including the right to grant leases of all or any of said purposes, but without any right whatsoever to enter upon the surface of said lands or any portion thereof within five hundred feet (500') vertical distance below the surface thereof.

Apn: 006-0098-007-0000

Parcel Eight:

The South 60.00 feet of Lot 1 and East 20 feet of Lot 1 and the West quarter of Lot 2 in the Block bounded by "K" and "L", Eighth and Ninth Streets of the City of Sacramento, according to the Official Map or Plan of said city.

Apn: 006-0098-024-0000

Parcel Nine

The East one-half of the West one-half of Lot 2, in the Block bounded by "K" and "L" Street, and 8th and 9th Street, of the City of Sacramento according to the Official Plat thereof.

Apn: 006-0098-006-0000

Parcel Ten:

The West 60 feet of the North quarter of the South half of Lot One in the Block bounded by and between "K" and "L", "8"th and "9"th Streets of the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-022-0000

## EXHIBIT 2

### GENERAL ASSIGNMENT AND BILL OF SALE

THIS GENERAL ASSIGNMENT AND BILL OF SALE (this "Assignment") is made and dated as of \_\_\_\_\_, 2016 (the "Effective Date"), by the CITY OF SACRAMENTO, a municipal corporation, ("Assignor"), in favor of, 800 BLOCK PARTNERS, LLC, a 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 in Exhibit A, which is attached and incorporated in this Assignment by this reference (together with all improvements thereon, the "Property"). Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated October 18, 2016 (the "Purchase Agreement"). Concurrently herewith, Assignor is conveying to Assignee Assignor's interest in the 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 Property (collectively, the "Personal Property"):

(a) **Tangible Personal Property.** The "Tangible Personal Property" means all of the following items which may remain on the Property as of the Closing Date: (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 Property. The Tangible Personal Property is in a used condition and Assignor 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 Assignee in its present "as is, where is" condition and with all faults. All such Tangible Personal Property is being transferred with the Property, and Assignor has no obligation to remove such Tangible Personal Property prior to Closing.

(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 Property which have been granted by governmental entities having jurisdiction or authority

over the 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 Property.

2. **General.**

(a) **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.

(b) **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.

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

**ASSIGNEE:**  
800 BLOCK PARTNERS, LLC

**ASSIGNOR:**  
CITY OF SACRAMENTO

By: \_\_\_\_\_  
John Rinehart  
Chief Financial Officer

By: \_\_\_\_\_  
John F. Shirey, City Manager

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
Senior Deputy City Attorney

ATTEST:

By: \_\_\_\_\_  
Assistant City Clerk

**EXHIBIT 3**

**ESCROW INSTRUCTIONS**

October 18, 2016

Paul Avila  
Fidelity National Title Company  
1375 Exposition Blvd, Suite 240  
Sacramento CA 95815

**Re: Conveyance of that certain real property located at 800-816 K Street, 1109-1115 8<sup>th</sup> Street, 1121 – 1125 8<sup>th</sup> Street and 805-815 L Street in the City and County of Sacramento, State of California (the “Property”).**

**Your Escrow No. 13-5015196-PA (the “Escrow”).**

Dear Mr. Avila:

This letter constitutes the joint escrow instructions of the City of Sacramento, a municipal corporation (“Seller”) and 800 Block Partners, LLC, a California limited liability company (“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 October 18, 2016 (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 the Property has been conveyed from the Redevelopment Agency Successor Agency or RASA (for the dissolved Redevelopment Agency of the City of Sacramento) to the City of Sacramento.

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 \$6,122,000.00 (the “Purchase Price”). Buyer is to deposit \$200,000.00 in escrow towards the Purchase Price within 5 days

after escrow has opened,. The Purchase Price shall be reduced by \$200,000.00, which represents the “Remediation Credit” provided by Seller. Prior to Closing, Buyer shall deposit the net amount owed of \$5,722,000.00.

## II. Instructions.

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

1. One (1) original Grant Deed from RASA;
2. One (1) original Grant Deed from City to Buyer;
3. Two (2) original General Assignment and Bill of Sale (executed by Buyer and Seller) (the “General Assignment”);
4. 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, you shall confirm receipt from Buyer of the Deposit and the total amount of the Purchase Price (the “Funds”).

## III. Conditions to Closing.

Escrow Holder is authorized and instructed to close the Escrow (the “Closing”) 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 Randy Koss, on behalf of Buyer and Richard Sanders, on behalf of Seller, 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, a CLTA Owner’s Policy,

with coverage in the amount of \$6,122,000.00, insuring 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 Richard Sanders, on behalf of Seller and Randy Koss, on behalf of Buyer, authorizing you to close this transaction.

#### IV. Close of Escrow.

Escrow Holder is authorized to close the Escrow on the Closing Date (as defined in Section VI 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. Grant Deed from RASA to City.
2. Grant Deed from City to Buyer.

F. Wire to the account of Seller 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;

G. Issue the CLTA Owner's Policy;

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

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

1. Deliver a conformed copy of the recorded Grant Deed from RASA to City and a conformed copy of the recorded Grant Deed from City to Buyer, a copy of the General Assignment, and any other

documents where originals are not available to: The City of Sacramento, Real Estate Services, 915 I Street, 2<sup>nd</sup> Floor, Sacramento CA 95814, on behalf of Seller; and

2. Deliver a conformed copy of the recorded Grant Deed from RASA to City and a conformed copy of the recorded Grant Deed from City to Buyer, the original of the General Assignment and Owner's Policy and any other documents where originals are not available to: Randy Koss, SBH Real Estate Group LLC, 660 J Street, Suite 444, Sacramento CA 95814 on behalf of Buyer.

V. Closing Costs.

The Purchase Price, escrow fees, transfer taxes, 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.

VI. 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 the date that 10 days following the date Buyer has waived all of Buyer's Contingencies in accordance with Section 11 of the Purchase and Sale Agreement. In the event that the Escrow is not consummated on or before December 31, 2016, you are directed to request further instructions from Richard Sanders, on behalf of Seller, and Randy Koss or the undersigned, on behalf of Buyer, prior to closing the Escrow or terminating the Escrow.

VII. Permitted Title Insurance Exceptions.

Buyer hereby agrees to permit the following exceptions to the CLTA owner's title insurance as listed in the Preliminary Title Report dated April 8, 2016:

Items 1-8, and 14

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,

800 Block Partners LLC,  
a California limited liability company

John Rinehart,  
Chief Financial Officer

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, I 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 800 Block Partners, 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: \_\_\_\_\_, 2016

Fidelity National Title Company,  
a \_\_\_\_\_ corporation

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

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

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

**EXHIBIT 4**

**RASA TO CITY GRANT DEED FORM**

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

**NO FEE DOCUMENT  
Government Code Section 27383**

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

**WHEN RECORDED MAILTO:**

City of Sacramento  
915 I Street, 2<sup>nd</sup> Floor  
Sacramento CA 95814  
Attn: Real Estate Services

---

*(Space Above for Recorder's Use)*

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the REDEVELOPMENT AGENCY SUCCESSOR AGENCY, a municipal corporation, ("**Grantor**"), the successor to the dissolved Redevelopment Agency of the City of Sacramento, hereby grants to the CITY OF SACRAMENTO, a municipal corporation ("**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, (the "Property") which is attached and incorporated in this Grant Deed by this reference.

The Property is conveyed to Grantee subject to the following covenant, which shall: (i) run with the land and be an equitable servitude thereon, (ii) inure to the benefit of, and bind, each and every successor in interest in ownership of the Property, and (iii) be binding for the benefit of the Grantor, the State of California, and the United States of America:

The Grantee covenants and agrees that there shall be no discrimination against or segregation of any person on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or

segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

Grantor has caused this Grant Deed to be duly executed on \_\_\_\_\_,  
2016.

**GRANTOR:**

REDEVELOPMENT AGENCY  
SUCCESSOR AGENCY, 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 LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel One:

The South half of the West 30 feet of Lot 7 and the South half of Lot 8 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Two:

The North one-half of Lot 8 and the West 30 feet of the North half of Lot 7 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Three::

The East 40 feet of the West 60 feet of the North one-half (1/2) of Lot 1 in the Block bounded by 8th and 9th K and L Streets of the City of Sacramento, according to the official plat thereof.

Apn: 006-0098-004-0000

Parcel Four:

The East 40 feet of the West 70 feet Lot 7 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0098-014-0000

Parcel Five:

The North one-half of the West one-quarter of Lot 1 in the Block bounded by Eight and Ninth, "K" and "L" Streets of said City fo Sacramento, according to the official plat thereof.

Apn: 006-0098-003-0000

Parcel Six:

The West 1/4 of Lot 3, in the Block bounded by "K" and "L" Streets, 8th and 9th Streets in the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-008-0000

Parcel Seven::

The East 1/2 of Lot 2 in the Block bounded by 8th and 9th and "K" and "L" Streets of the City of Sacramento, according to the Official Plat thereof.

Reserving therefrom all oil, mineral, gas, geothermal steam casinghead gas, asphaltum and other hydrocarbon and chemical gas now or hereafter found, situated or located in all or any portion of the lands described herein lying more than five hundred feet (500') below the surface thereof, together with the right to slant drill for and

EXHIBIT "A" (continued)

remove all or anyof said gas, oil, casinghead gas, asphaltum and other hydrocarbons or chemical gas lying below a depth of more than five hundred feet (500') below the surface thereof including the right to grant leases of all or any of said purposes, but without any right whatsoever to enter upon the surface of said lands or any portion thereof within five hundred feet (500') vertical distance below the surface thereof.

Apn: 006-0098-007-0000

Parcel Eight:

The South 60.00 feet of Lot 1 and East 20 feet of Lot 1 and the West quarter of Lot 2 in the Block bounded by "K" and "L", Eighth and Ninth Streets of the City of Sacramento, according to the Official Map or Plan of said city.

Apn: 006-0098-024-0000

Parcel Nine

The East one-half of the West one-half of Lot 2, in the Block bounded by "K" and "L" Street, and 8th and 9th Street, of the City of Sacramento according to the Official Plat thereof.

Apn: 006-0098-006-0000

Parcel Ten:

The West 60 feet of the North quarter of the South half of Lot One in the Block bounded by and between "K" and "L", "8"th and "9"th Streets of the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-022-0000

## CERTIFICATE OF 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 Public Works, 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. 2015-0145, passed and adopted by the City Council of Sacramento, May 26, 2015, 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 20150610, Page 0999, Official Records.

Dated: \_\_\_\_\_

\_\_\_\_\_  
JERRY WAY  
Director, Department of Public Works

**EXHIBIT 5**

**CITY TO BUYER GRANT DEED FORM**

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

**WHEN RECORDED MAIL TO:**  
800 Block Partners, LLC  
One Sports Parkway  
Sacramento CA 95834

**MAIL TAX STATEMENTS TO:**  
800 Block Partners, LLC  
One Sports Parkway  
Sacramento CA 95834

*(Space Above for Recorder's Use)*

**NO FEE DOCUMENT Per Government Code Section 27383**

The Undersigned Grantor(s) Declare(s):

DOCUMENTARY TRANSFER TAX \$ \_\_\_\_\_;

CITY TRANSFER TAX \$ \_\_\_\_\_;

computed on the consideration or full value of property conveyed

computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale

unincorporated area;  City of Sacramento

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF SACRAMENTO, a municipal corporation, ("**Grantor**"), hereby grants to 800 BLOCK PARTNERS, 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 and incorporated in this Grant Deed by this reference.

Grantor has caused this Grant Deed to be duly executed on \_\_\_\_\_, 2016.

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

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APN: Portion of 006-0098-021-0000

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APN: Portion of 006-0098-021-0000

Parcel Three::

The East 40 feet of the West 60 feet of the North one-half (1/2) of Lot 1 in the Block bounded by 8th and 9th K and L Streets of the City of Sacramento, according to the official plat thereof.

Apn: 006-0098-004-0000

Parcel Four:

The East 40 feet of the West 70 feet Lot 7 in the Block bounded by "K", "L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0098-014-0000

Parcel Five:

The North one-half of the West one-quarter of Lot 1 in the Block bounded by Eight and Ninth, "K" and "L" Streets of said City fo Sacramento, according to the official plat thereof.

Apn: 006-0098-003-0000

Parcel Six:

The West 1/4 of Lot 3, in the Block bounded by "K" and "L" Streets, 8th and 9th Streets in the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-008-0000

Parcel Seven::

The East 1/2 of Lot 2 in the Block bounded by 8th and 9th and "K" and "L" Streets of the City of Sacramento, according to the Official Plat thereof.

Reserving therefrom all oil, mineral, gas, geothermal steam casinghead gas, asphaltum and other hydrocarbon and chemical gas now or hereafter found, situated or located in all or any portion of the lands described herein lying more than five hundred feet (500') below the surface thereof, together with the right to slant drill for and

EXHIBIT "A" (continued)

remove all or anyof said gas, oil, casinghead gas, asphaltum and other hydrocarbons or chemical gas lying below a depth of more than five hundred feet (500') below the surface thereof including the right to grant leases of all or any of said purposes, but without any right whatsoever to enter upon the surface of said lands or any portion thereof within five hundred feet (500') vertical distance below the surface thereof.

Apn: 006-0098-007-0000

Parcel Eight:

The South 60.00 feet of Lot 1 and East 20 feet of Lot 1 and the West quarter of Lot 2 in the Block bounded by "K" and "L", Eighth and Ninth Streets of the City of Sacramento, according to the Official Map or Plan of said city.

Apn: 006-0098-024-0000

Parcel Nine

The East one-half of the West one-half of Lot 2, in the Block bounded by "K" and "L" Street, and 8th and 9th Street, of the City of Sacramento according to the Official Plat thereof.

Apn: 006-0098-006-0000

Parcel Ten:

The West 60 feet of the North quarter of the South half of Lot One in the Block bounded by and between "K" and "L", "8"th and "9"th Streets of the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-022-0000