



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01228

Consent Item 18

Title: Approval of the Acquisition of 520 North 16th Street

Recommendation: Pass a City Council Resolution: a) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to purchase vacant property located at 520 North 16th Street owned by the Harold G. Olsen 2010 Living Trust and to take all other actions necessary related to the voluntary, negotiated acquisition of said property at a cost not to exceed \$1,200,000, b) authorizing SHRA to carry out all actions reasonably necessary to accomplish the purchase of the real property, including maintenance, security, and insurance, and c) making related environmental findings.

Location: District 3

Contact: Tyrone Williams, Director of Development, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenter: not applicable

Department: Sacramento Housing and Redevelopment Agency

Attachments:

- 1-Description/Analysis
- 2-Vicinity Map
- 3-City Council Resolution
- 4-Exhibit A: 520 North 16th Street Purchase and Sale Agreement

Description/Analysis

Issue Detail: The property proposed for acquisition is located at 520 North 16th Street and is one of six parcels which comprise the triangular shaped block bounded by Richards Boulevard on the north, North 12th Street on the west, Sproule Avenue on the south, and North 16th Street on the east. One parcel within the block on Sproule Avenue, which contains a building and an operating business, is not proposed for acquisition. The remaining five parcels within the block are vacant. The triangular block is strategic for the redevelopment of the River District/Twin Rivers area for many reasons, including: 1) it is a gateway into and out of downtown Sacramento and along two of Sacramento's major commercial corridors (12th and 16th streets), 2) the block is in close proximity to the Twin River public housing community which received a Choice Neighborhoods Implementation Grant in 2015, 3) SHRA and Regional Transit were awarded planning funds in December 2013 and 2015 to plan a light rail station immediately adjacent to the opportunity block, and 4) there is significant development activity occurring to the west, including the Railyards and Township 9, which will impact the area and allow for increased opportunities for the site. As a result, this is an important opportunity site. See Attachment 1 - map for additional details.

Due to its strategic location, in October 2014 funding was allocated and SHRA was authorized to establish just compensation for the vacant properties based upon an independent appraisal, and to negotiate the voluntary purchase of the five parcels. Based on prior City Council approval, SHRA has executed purchase and sale agreements for four of the five parcels for not substantially more than fair market value. A purchase price of \$1,200,000 has been negotiated with the owner for the remaining parcel located at 520 North 16th Street. The owner is demanding a higher purchase price because the property was planned for development. Closing, commission and legal costs are estimated to increase the total acquisition cost to \$1.3 million.

Acquisition of this property will not obligate SHRA or the Housing Authority to pursue any specific type of development on this vacant parcel. The property is being purchased with Community Development Block Grant (CDBG) funds. The plans for development of this property, along with the other four parcels, will occur as part of the Choice Neighborhoods Initiative Grant Implementation. The Choice Neighborhoods grant does not commit or otherwise limit the discretion of SHRA, the Housing Authority, or the City of Sacramento in the geographic area described in the Neighborhood Transformation Plan.

Policy Considerations: The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives in the adopted Five Year Consolidated Plan (Consolidated Plan) which guides the use of federal community development funds in Sacramento. Consolidated Plan goals include assisting low- and moderate-income persons

and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities.

Economic Impacts: The acquisition of properties and related costs will not have any immediate economic impacts. At such time when the site is developed, the economic impacts including jobs and revenue will be projected.

Environmental Considerations:

California Environmental Quality Act (CEQA): Activities recommended in this report have been analyzed in accordance with CEQA and are determined to be not a project per 14 California Code of Regulations (CCR) § 15378. Acquisition of these properties is a government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Other: National Environmental Protection Act (NEPA): Activities recommended in this report have been analyzed in accordance with NEPA and are determined to be Categorically Excluded not subject to §58.5 per 24 CFR § 58.35(b)(6).

Sustainability Considerations: Not applicable

Rationale for Recommendation: The subject site is one of five vacant parcels which comprises the triangular shaped block which is a strategically important site based on the following: a gateway into and out of the Downtown, an important opportunity site, and recent development activity to the west has increased the possibilities for the site. SHRA has executed purchase and sale agreements with the owners of the other four parcels. Acquisition would allow planning and feasibility analysis to proceed to determine future uses for the critical opportunity site.

Financial Considerations: No additional funding is requested at this time. In October of 2014, \$2,000,000 in Community Development Block Grant funds was allocated for acquisition of the five parcels.

LBE/M/WBE, Section 3 and First Source Considerations: Minority and Woman's Business Enterprise will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent as may be applicable. LBE and the First Source Program are not applicable to this report.

RESOLUTION NO. 2016 -

Adopted by the Sacramento City Council

AUTHORIZE ACQUISITION OF 520 NORTH 16TH STREET FOR THE NORTH 12TH AND 16TH TRIANGLE OPPORTUNITY SITE

BACKGROUND

- A. Since 1982, the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of the City of Sacramento, has served as the public entity designated to efficiently administer Community Development Block Grant (CDBG) program funding originating from the United States Department of Housing and Urban Development (HUD).
- B. HUD requires the annual submittal of a One-Year Action Plan and any amendments describing proposed activities and expenditures for the following year in accordance with the goals and priorities of the Five Year Consolidated Plan.
- C. On October 22, 2013, the City Council approved the 2014 One-Year Action Plan by City Resolution 2013-0344. A noticed public hearing soliciting comments on the 2014 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on September 17, 2014.
- D. On October 7, 2014, the City Council allocated CDBG funding and authorized the voluntary purchase of five properties located in the North 12th and North 16th Street Opportunity site by City Resolution No. 2014-0336. Four properties have been purchased and the owner of 520 North 16th Street is now willing to sell. No additional allocation of funds is needed.
- E. The recommended action has been analyzed in accordance with the California Environmental Quality Act (CEQA) and is found to be exempt per CEQA Guidelines Section 15378. Acquisition of this property does not in any way obligate SHRA to pursue any particular type of development, nor does such acquisition obstruct or preclude the City's, SHRA's or the Housing Authority's ability to consider alternatives or mitigation measures for development of the property.
- F. The recommended action has been analyzed in accordance with National Environmental Policy Act (NEPA) and is determined to be Exempt per 24 CFR 58.34(a)(1), (a)(3), (a)(5), (a)(8) and Categorically Excluded per 24 CFR 58.35(a)(1), (a)(5), (b)(3) and (b)(6).

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

- Section 1. All evidence presented being duly considered, the findings, including environmental findings regarding this action are approved.
- Section 2. SHRA is authorized to purchase the vacant property located at 520 North 16th Street owned by Harold G. Olsen 2010 Living Trust in the amount of \$1,200,000.
- Section 3. SHRA is authorized to carry out all actions reasonably necessary to accomplish the purchase of this real property including maintenance, security, and insurance.

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Exhibit A - Purchase and Sale Agreement for 520 North 16th Street

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Joint Escrow Instructions (this "**Agreement**") is made as of October __, 2016 (the "**Effective Date**"), between 16th Street LLC, a California limited liability company ("**Seller**"), and SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, a joint powers agency ("**Buyer**").

ARTICLE 1. AGREEMENT OF SALE.

Subject to and on the terms and conditions of this Agreement, Seller shall sell to Buyer and Buyer shall purchase from Seller all of the following:

1.1 **Property.** The real property which is more particularly described in Exhibit A, consisting of approximately 19,460 square feet of vacant, unimproved land located generally at 520 N. 16th Street, in the City of Sacramento (APN No. 001-0103-003) together with (a) all privileges, rights, easements and appurtenances belonging to the real property, including without limitation all minerals, oil, gas and other hydrocarbon substances on and under the real property, (b) all development rights, air rights, water, water rights and water stock relating to the real property, and (c) all right, title and interest of Seller in and to any streets, alleys, passages, other easements and other rights-of-way or appurtenances included in, adjacent to or used in connection with such real property, before or after the vacation thereof (collectively, the "**Property**");

1.2 Seller is acquiring the Property from Harold G. Olson Trustee of the Harold G. Olson 2010 Living Trust pursuant to Seller's option or contract to purchase 520 N. 16th Street, also known as the Olson Property, as set forth herein, and thereafter convey it to Buyer, with Buyer funding the purchase price and all closing costs and expenses incurred by Seller to acquire the Olson Property and thereafter concurrently convey Property to Buyer subject to the terms and conditions in this Agreement.

(a) The Ground Lease and its Addendum. Seller's acquisition of the Property from Olson to be conveyed to Buyer specifically includes the Ground Lease and its Addendum to Ground Lease both dated October 1, 2004 between Harold G. Olson, as Landlord, and John F. Valensin and Ron Henderson as Tenants (16th Street LLC); and b) all other intellectual or intangible property acquired by Seller from Olson in connection with the Property. The Ground Lease and Addendum shall terminate on Seller's acquisition of the Property.

ARTICLE 2. PURCHASE PRICE.

2.1 **Amount.** The purchase price (the "**Purchase Price**") for the Property shall be One Million Dollars Two Hundred Thousand Dollars and No Cents (\$1,200,000.00).

2.2 Purchase Price. Buyer shall pay the Purchase Price to Seller through escrow in the manner described in Section 9.1. On or before five (5) days prior to the Closing Date (as defined below), Buyer shall deposit into Escrow the Purchase Price, subject to adjustment by reason of the Deposit, any applicable prorations and the allocation of closing costs described below. The Deposit and remainder of the Purchase Price shall be made by wire transfer of federal funds, cashier's check or in another immediately available form.

ARTICLE 3. DUE DILIGENCE.

3.1 Due Diligence Period; Inspection and Access.

3.1.1 Access to Information and the Property. Buyer has conducted its investigation of the physical condition of the Property. Seller agrees that the rights granted to Buyer herein and the results of its Due Diligence Investigation shall not relieve Seller of any obligations Seller may have under any other provisions of this Agreement, or under other documents entered into concurrently herewith, or implied by law, nor shall they constitute a waiver by Buyer of the right to enforce any of the same.

3.1.2 Title Report and Survey. A preliminary title report or commitment for title insurance (the "**Preliminary Title Report**"), dated no earlier than 10 days before the Effective Date, covering the Property and issued by Placer Title Company (the "**Title Company**"), together with a legible copy of each document, map and survey referred to in the Preliminary Title Report. Buyer, at Buyer's sole cost, may obtain an as-built survey of the Property (the "**Survey**") prepared by a certified land surveyor in accordance with the most recent American Land Title Association standards, certified by such surveyor to Buyer and the Title Company in a form acceptable to the Title Company for the purpose of deleting any survey exception from the Title Policy described in Section 4.1.3.

3.1.3 All Other Reports in Possession or Control of Seller. Seller shall also provide any other reports or agreements pertaining to the Property prepared at Seller's request or in the possession or control of Seller including but not limited to soils reports, engineers' reports, copies of any licenses, permits or certificates required by governmental authorities in connection with construction or occupancy of the Property, if any, including, without limitation, building permits, environmental permits and licenses;

3.1.4 Agreements. Copies of written, and written descriptions of oral, easements, covenants, restrictions, agreements, contracts and other documents, whether existing or, to the knowledge of Seller, proposed as of the Effective Date, including without limitation any agreements relating to the insurance, service, operation, repair, supply, advertising, promotion, sale, leasing or management of the Property, including but not limited to executed lease(s) and proof of rent payments made pursuant to that executed Ground Lease and Addendum to Ground Lease, both dated October 1, 2004, between Harold G. Olson, as Landlord, and John F. Valensin and Ron Henderson as Tenants (16th Street LLC) for the real property identified therein as 520 N. 16th Street, Sacramento, California (APN 001-0103-003); and b) all other intellectual or intangible property acquired by Seller from Olson in connection with the Property.

3.1.5 Any Additional Information or Records, which (a) affect the Property, (b) are not disclosed by the Preliminary Title Report, and (c) have not been delivered to Buyer pursuant to Section 3.2. If no such documents exist, Seller shall furnish its certification to that effect;

3.1.6 Other Documents. All data, correspondence, documents, agreements, waivers, notices, applications and other records with respect to the Property relating to transactions with taxing authorities, governmental agencies, utilities, vendors and others with whom Buyer may be dealing from and after the Closing Date; and

3.1.7 Requested Information. Such other documents and information concerning the Property as Buyer may reasonably request.

3.2 Title Review.

3.2.1 Monetary Liens. At its expense, Seller shall remove as liens on the Property at or prior to the Closing (collectively, "**Monetary Liens**"): (i) all delinquent taxes, bonds and assessments and interest and penalties thereon (it being agreed that Seller shall not be required to remove any non-delinquent taxes and assessments imposed by any governmental agency that are paid with the property taxes for the Property); and (ii) all other monetary liens created by Seller, including without limitation all those shown on the Preliminary Title Report (including judgment and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with Seller being fully responsible for any fees or penalties incurred in connection therewith).

3.2.2 Approval/Disapproval of Title Review. Buyer shall approve or disapprove of the Preliminary Title Report, the Survey and any exceptions to title shown thereon (other than the Monetary Liens) in the exercise of Buyer's sole discretion, by the expiration of the Due Diligence Period. If Buyer disapproves, Buyer may either (a) terminate this Agreement by giving Seller written notice of termination or (b) give Seller a written notice ("**Disapproval Notice**") identifying the disapproved title matters ("**Disapproved Title Matters**"). With respect to any Disapproved Title Matters, other than the Monetary Liens, Seller shall notify Buyer in writing within five (5) business days after Seller's receipt of the Disapproval Notice whether Seller will cause the Disapproved Title Matters to be removed or cured at or prior to Closing. If Seller elects not to remove or cure all Disapproved Title Matters, Buyer may, at its option: (i) subject to satisfaction of the other conditions to Closing, close the purchase of the Property and take title subject to the Disapproved Title Matters which Seller elects not to remove or cure; or (ii) terminate this Agreement in accordance with Section 9.6.2.

3.2.3 Buyer's Options. If any Disapproved Title Matters (including the Monetary Liens) have not been removed at least 5 days prior to Closing or provision for their removal at the Closing has not been made to Buyer's satisfaction, Buyer may, at its option: (i) close the purchase of the Property and take title subject to the Disapproved Title Matters which have not been removed; (ii) close the purchase of the Property and cure or remove the Disapproved Title Matters which have not been removed, in which event Buyer may credit the costs of such cure or removal against the Purchase Price by reducing the amount of cash payable by Buyer at the Closing, but only to the extent such costs are expended to

remove (A) Monetary Liens referred to in Section 3.5.1 or (B) Disapproved Title Matters which Seller agreed to remove; or (iii) terminate this Agreement in accordance with Section 9.6.2.

3.2.4 Failure to Disapprove. If Buyer fails to notify Seller of its approval or disapproval of the Preliminary Title Report, the Survey or the exceptions shown thereon by the end of the Due Diligence Period, then Buyer shall be deemed to have disapproved the same.

ARTICLE 4. CONDITIONS PRECEDENT.

4.1 Buyer's Conditions. Buyer's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section 4.1 on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or in part by Buyer by written notice to Seller.

4.1.1 Governing Board Approval. Buyer has obtained, five business days prior to the Closing, approval by the governing board of Buyer, which approval may be granted or denied by the governing board in its sole and absolute discretion;

4.1.2 Title Review. Buyer having approved of the results of its review of title pursuant to Section 3.5.

4.1.3 Title Policy. Seller having caused the Title Company to deliver to Buyer (a) a CLTA Owner's policy of title insurance, provided that Buyer may require an ALTA Owner's Policy if Buyer pays for the required ALTA survey and pays the incremental premium for ALTA coverage ("**Title Policy**") (or at Buyer's election a binder therefor) for the Property, or (b) the Title Company's irrevocable commitment to issue such Title Policy, (including such coinsurance, reinsurance and endorsements as Buyer shall require), with liability equal to the Purchase Price showing fee title to the Property vested in Buyer and subject only to: (i) the matters and exceptions which were approved by Buyer pursuant to Section 3.5; and (ii) the standard printed exceptions in the form of title policy called for (collectively, "**Conditions of Title**").

4.1.4 Performance of Covenants. Seller performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Seller prior to or at the Closing.

4.1.5 Representations and Warranties. The representations and warranties of Seller set forth in Article 5 being true and accurate on the Closing Date, as if made on such date.

4.1.6 Non-Foreign Certification. Seller having executed and delivered to Escrow Holder on or prior to the Closing Date a certification (the "**Non-Foreign Certification**"), substantially in the form of Exhibit B.

4.1.7 California Certification. Seller having furnished the residency certification required pursuant to Sections 18805 and 26131 of the California Revenue and Taxation Code or having authorized Escrow Holder in writing to withhold from the Purchase Price the amounts required to be withheld by such Sections.

4.2 Seller's Conditions. Seller's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section 4.2 on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or part by Seller by written notice to Buyer.

4.2.1 The Seller acquires marketable fee title to the Property.

4.2.2 Covenants. Buyer performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Buyer prior to or at the Closing.

4.2.3 Representations and Warranties. The representations of Buyer set forth in Article 6 being true and accurate on the Closing Date, as if made on such date.

ARTICLE 5. SELLER'S REPRESENTATIONS AND WARRANTIES.

Subject to the Disclaimer of Warranties contained in Section 5.17, and subject to Buyer's opportunity to conduct its Due Diligence Investigation of the Property, Seller hereby makes the following representations and warranties to Buyer with the understanding that each such representation and warranty is material and is being relied upon by Buyer:

5.1 Defects. To the Seller's actual knowledge, there is no actual or threatened settlement, earth movement, termite infestation or damage affecting the Property.

5.2 Compliance. Except as disclosed in the Seller's representations and warranties contained in Section 5.10.2 below, to the Seller's actual knowledge, the Property, and the operation thereof, are in compliance with all applicable laws, ordinances, rules, regulations, judgments, orders, covenants, conditions, restrictions, whether federal, state, local, foreign or private. Seller has not received any request, either formal or informal, oral or written, that Seller modify or terminate any use of the Property. The Property complies with all applicable subdivision laws and all local ordinances enacted thereunder and no subdivision or parcel map not already obtained is required to transfer the Property to Buyer.

5.3 Documents. All of the Preliminary Documents and the Additional Documents which have been delivered or made available to Buyer pursuant to Article 3, and all other documents delivered to Buyer by or on behalf of Seller (a) are true, correct and complete copies of what they purport to be, (b) represent truly the factual matters stated therein, (c) are in full force and effect, (d) have not been modified, except as set forth therein, and (e) do not omit any information required to make the submission thereof accurate and complete in all material respects.

5.4 Taxes and Condemnation. Except as may be disclosed pursuant to Article 3, there are no presently pending or, to Seller's actual knowledge, contemplated special taxes or assessments which will affect the Property.

5.5 Utilities. To the Seller's actual knowledge, all water, sewer, gas, electric, telephone and drainage facilities, and all other utilities required by law or by the normal operation of the Property, are installed to the property lines of the Property.

5.6 Licenses. To the Seller's actual knowledge, Seller has all required licenses, permits (including, without limitation, all building permits and occupancy permits), easements and rights-of-way which are required in order to continue the present use of the Property.

5.7 Contracts/Leases/Occupancy Rights. Except as may be disclosed pursuant to Article 3, there are no agreements or other obligations to which Seller is party or, to Seller's knowledge, by which it or the Property are bound which may affect the current use of the Property, nor are there any current leases other than the Ground Lease and its Addendum to Ground Lease between Harold G. Olson, as Landlord, and John F. Valensin and Ron Henderson as Tenants (16th Street LLC); and b) all other intellectual or intangible property acquired by Seller from Olson in connection with the Property. No party, other than Tenants under that Ground Lease, has a right to occupancy, tenancy, or a license to use or enter the Property. There are no collective bargaining agreements, other union contracts of any nature, pension plans or other benefit plans of any nature in existence to which Seller is a party and which affect the Property or the operation thereof.

5.8 Litigation. To the Seller's actual knowledge, there are no actions, suits, proceedings, judgments, orders, decrees or governmental investigations pending against the Property or Seller which could affect the Property or the purchase, use or enjoyment thereof by Buyer.

5.9 Agreements with Governmental Authorities. To the Seller's actual knowledge, there are no agreements with governmental authorities, agencies, utilities or quasi-governmental entities which affect the Property, except those agreements which are identified in the Preliminary Title Report and those matters which might be disclosed by the Survey.

5.10 Hazardous Materials.

5.10.1 Definitions. For purposes of this Agreement:

(a) "**Environmental Law(s)**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., [The Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. H&S Code Sections 25249.5-25249.13), the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. H&S Code Sections 25300 et seq.), and the California Water Code Sections 1300, et seq.], as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, cleanup, transportation or Release or threatened Release into the environment of Hazardous Material.

(b) "**Hazardous Material**" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) a petroleum hydrocarbon, including crude oil or any fraction

thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) asbestos, (vi) flammable explosives, (vii) infectious materials or (viii) radioactive materials.

(c) "**Release**" means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, dumping or disposing into the environment of any Hazardous Material (including the abandonment or discarding of barrels, containers, and other receptacles containing any Hazardous Material).

5.10.2 Representations.

(a) Seller makes no representations or warranties concerning whether the Property and all existing uses and conditions of the Property are in compliance with all Environmental Laws except as previously disclosed to Buyer in the October 31, 2013 "Phase I Environmental Assessment (ESA)," prepared by Nichols Consulting Engineers, Chtd., and in the May 9, 2014 "Draft Report of Findings Limited Phase II Environmental Site Assessment (ESA)," prepared by NCE, copies of which were previously furnished to Buyer by Seller.

(b) Seller makes no representations or warranties whether all required permits, licenses and other authorizations required by or issued pursuant to any Environmental Law for the ownership or operation of the Property have been obtained and are presently maintained in full force and effect.

(c) Seller makes no representations or warranties whether there exists any writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation pending or threatened pursuant to any Environmental Law relating to (i) the ownership, occupancy or use of any portion of the Property, (ii) any alleged violation of any Environmental Law at the Property or (iii) the suspected presence, Release or threatened Release of any Hazardous Material on, under, in or from any portion of the Property.

(d) Seller makes no representations or warranties concerning the presence or absence of above-ground or underground tanks located on the Property used or formerly used for the purpose of storing any Hazardous Material, except as previously disclosed to Buyer in the October 31, 2013 "Phase I Environmental Assessment (ESA)," prepared by Nichols Consulting Engineers, Chtd., and in the May 9, 2014 "Draft Report of Findings Limited Phase II Environmental Site Assessment (ESA)," prepared by NCE, copies of which were previously furnished to Buyer by Seller.

(e) Seller makes no representations or warranties concerning whether asbestos abatement or remediation work has been performed on the Property except as previously disclosed to Buyer in the October 31, 2013 "Phase I Environmental Assessment (ESA)," prepared by Nichols Consulting Engineers, Chtd., and in the May 9, 2014 "Draft Report of Findings Limited Phase II Environmental Site Assessment (ESA)," prepared by NCE, copies of which were previously furnished to Buyer by Seller.

(f) Seller makes no representations or warranties whether there is any PCB-containing equipment or PCB-containing material located on or in the Property except as previously disclosed to Buyer in the October 31, 2013 "Phase I Environmental Assessment

(ESA),” prepared by Nichols Consulting Engineers, Chtd., and in the May 9, 2014 “Draft Report of Findings Limited Phase II Environmental Site Assessment (ESA),” prepared by NCE, copies of which were previously furnished to Buyer by Seller.

5.10.3 Release of Claims Regarding Hazardous Materials. Buyer shall rely on its own investigation and not on any representation by Seller regarding Hazardous Materials. Buyer shall rely solely upon its own investigation and inspection of the Property and the improvements thereon and upon the aid and advice of Buyer's independent expert(s) in purchasing the Property, and shall take title to the Property without any warranty, express or implied, by Seller or any employee or agent of Seller. Seller makes no representations regarding Hazardous Materials in, on or under the Property. Seller's knowledge and disclosures regarding Hazardous Materials are limited to the contents of Seller's Deliveries, the Phase I and limited Phase II environmental site assessments identified in sections 5.10.2(a), 5.10.2 (e) and 5.10.2 (f), respectively. Accordingly, and as additional consideration to Seller, Buyer hereby expressly waives, releases and relinquishes any and all claims, rights and remedies Buyer may now or hereafter have against Seller and its directors, officers, members, managers, agents, employees, attorneys, shareholders, partners, subsidiaries and affiliates with respect to any past, present, or future presence of Hazardous Materials on, under or about the Property, whether known or unknown, or with respect to any past, present or future violations of any Environmental Laws on, under or about the Property whether known or unknown (collectively “Claims”). Buyer has read Section 1542 of the Civil Code of the State of California 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.

Buyer understands that Section 1542 gives it the right not to release existing claims of which it is not now aware, unless it voluntarily chooses to waive this right. Even though Buyer is aware of this right, Buyer nevertheless hereby voluntarily waives the rights described in Section 1542, and elects to assume all risks for Claims against Buyer, known or unknown, arising from the presence of Hazardous Materials on, under or about the Property or with respect to any past, present or future violations of any Environmental Laws on, under or about the Property.

5.11 Title to the Property. Seller shall obtain good and marketable title to the Property, Prior to Closing.. There are, and shall be, no outstanding third party rights of first refusal or first look, options to purchase, rights of reverter, or claim of right relating to the transfer or sale of the Property or any interest therein. To Seller's actual knowledge, there are no unrecorded or undisclosed documents or other matters which affect title to the Property. No person holding a security interest in the Property or any part thereof has the right to consent or deny consent to the sale of the Property as contemplated herein, and Seller has the right to pay off such person and to remove all such liens as of the Closing Date. Seller has enjoyed the continuous and uninterrupted quiet possession, use and operation of the Property.

5.12 Seller's Authority. Seller has the requisite power and authority to own and operate the Property. The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Seller in order to consummate the transactions contemplated herein. This Agreement and the other documents executed by Seller in connection herewith are legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement by Seller, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Seller was organized, or any indenture, mortgage, deed of trust, agreement, undertaking, instrument or document to which Seller or any affiliate thereof is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Seller.

5.13 Zoning. Seller has received no written notice from any governmental agency that the Property are not in compliance with zoning requirements and laws.

5.14 Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445(f) of the Internal Revenue Code.

5.15 No Employees. There are no on-site employees of Seller at the Property.

5.16 Misstatements and Omissions. Neither the representations and warranties made by Seller in this Article 5 nor elsewhere in this Agreement contain any untrue statement of a material fact.

5.17 Disclaimer of Warranties; "AS IS" Purchase. Buyer acknowledges that it will have had an opportunity to conduct its Due Diligence Investigation of the Property and will acquire the Property in their current condition based thereon. Buyer acknowledges and agrees that the Property are to be conveyed by Seller to Buyer "as is, with all faults," and substantially in their current condition, including the presence of Hazardous Material at the Property for which Buyer agrees to be solely responsible, at Buyer's cost and expense, to cleanup and remediate in accordance with the requirements of all Environmental Laws, without any monetary contribution by Seller for any costs of such cleanup and remediation. Buyer further acknowledges and agrees that, except for the representations and warranties by Seller set forth in this Section 5, and the indemnity provisions provided in Section 7.3.1, the sale of the Property to Buyer is made without any warranty or representation of any kind by Seller, either express or implied or arising by operation of law, and Seller shall have no liability to Buyer with respect to the nature, value, uses, habitability, merchantability, suitability, condition, design, operation, rents, financial condition or prospects, fitness for purpose or use, or the manner, construction, condition or state of repair or lack of repair of the improvements of the Property (or any part thereof), or any other aspect, portion or component of the Property whatsoever, it being specifically understood and agreed that Buyer shall have full opportunity, during the Due Diligence Investigation, to determine for itself the condition of the Property.

Buyer's Initials: _____

ARTICLE 6. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer makes the following representation and warranties to Seller with the understanding that each such representation and warranty is material and is being relied upon by Seller:

6.1 Buyer's Authority. The execution, delivery and performance of this Agreement by Buyer have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Buyer in order to consummate the transactions contemplate herein. Notwithstanding the foregoing, Buyer has advised Seller in Section 4.4.1, above, that Buyer's governing board approval is a Condition Precedent to Closing.

6.2 No Conflict. Neither the execution nor delivery of this Agreement by Buyer, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Buyer was organized, or any agreement to which Buyer is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Buyer.

6.3 Hazardous Materials Adjustment to Purchase Price. Buyer represents, warrants, acknowledges and agrees that the Property Purchase Price set forth in this Agreement has been freely negotiated and arrived at by the Parties in acknowledgement that Buyer, without any monetary contribution by Seller, will be responsible for paying and bearing any and all costs and expenses for the cleanup and remediation of any and all Hazardous Materials at the Property, now known or that may be hereafter discovered, and that Buyer and Seller have agreed upon the Property Purchase Price in light of such uncertain risk and expense that Buyer is assuming for such cleanup and remediation work.

ARTICLE 7. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION.

7.1 Survival of Warranties. Buyer and Seller agree that each representation and warranty in Articles 5 and 6, respectively, shall survive the Closing Date and shall not merge with the delivery to Buyer of the Grant Deeds.

7.2 Notice of Changed Circumstances. If either party becomes aware of any fact or circumstances which would render false or misleading a representation or warranty made by such party, then it shall immediately give notice of such fact or circumstance to the other party, but such notice shall not relieve any party of any liabilities or obligations with respect to any representation or warranty.

7.3 Indemnification.

7.3.1 Seller's Indemnity. Seller's obligations pursuant to this Section 7.3.1 shall survive the Closing. Seller at its sole cost and expense hereby agrees to indemnify, defend (with counsel acceptable to Buyer), protect and hold harmless Buyer, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, and all costs and expenses incurred in connection therewith,

including, without limitation, actual attorneys' fees and costs of defense and costs and expenses of all experts and consultants (collectively, the "Losses"), arising directly or indirectly, in whole or in part, out of any one or more of the following:

(a) the breach or alleged breach of any covenant of Seller contained in this Agreement or the inaccuracy or alleged inaccuracy of any representation or warranty of Seller contained in this Agreement; or

(b) any third party claims arising out of or related to Seller's ownership of the Property or the Seller's operation of the Property prior to the Closing Date; or

(c) any obligation, claim or action arising from a certain Ground Lease and Addendum to Ground Lease both dated October 1, 2004, by Ron Henderson and John F. Valensin, collectively "Tenant", and Harold G. Olson, Landlord for the real property identified therein as 520 N. 16th Street, Sacramento, California (APN 001-0103-003).

7.3.2 Buyer's Indemnity. Buyer's obligations pursuant to this Section 7.3.2 shall survive the Closing. Buyer at its sole cost and expense hereby agrees to indemnify, defend (with counsel acceptable to Seller), protect and hold harmless Seller, and its members, directors, officers and agents from and against any and all Losses, arising directly or indirectly, in whole or in part, out of any one or more of the following:

(a) the breach or alleged breach of any covenant of Buyer contained in this Agreement or the inaccuracy or alleged inaccuracy of any representation or warranty of Buyer contained in this Agreement; or

(b) Buyer's ownership of the Property or the operation of the Property after the Closing Date.

(c) any Release of any Hazardous Material, on, under or from the Property caused by Buyer's negligence or willful misconduct, or the use, generation, manufacturing, production, handling, storage, transport, discharge or disposal of any such Hazardous Material, on or emanating from, the Property, by Buyer and/or its contractors in a manner that constitutes negligence or willful misconduct, whether taking place before or after the Closing. The indemnity contained in this paragraph (c) shall further apply, without limitation, to: (i) the costs of any required remediation or removal work on the Property, identified as a result of Buyer's Due Diligence Investigation, including, without limitation: (A) costs of remediation or removal relating specifically to contamination on or emanating from the Property, incurred by the United States Government or the State or any other entity or person; and (B) fines or penalties which arise from the provisions of any local, state or federal statute relating specifically to contamination on or emanating from the Property; and (ii) liability for personal injury or property damage arising under any statutory or common law tort theory, including damages assessed for the maintenance of a public or private nuisance, response costs or for the carrying on of an abnormally dangerous activity, provided that such indemnity is limited to negligent actions or omissions by Buyer and/or its contractors, and Buyer's and/or its contractors' willful misconduct.

ARTICLE 8. SELLER'S PRECLOSING COVENANTS.

Seller shall comply with the covenants contained in this Article 8 from the Effective Date through the Closing Date unless Buyer consents otherwise in writing. Buyer may grant or withhold any such consent requested by Seller in Buyer's sole discretion.

8.1 Contracts and Documents. Seller shall not, without Buyer's approval, not to be unreasonably withheld or delayed, (a) amend or waive any right under any documents, or (b) enter into any material agreement of any type affecting the Property that would survive the Closing Date.

8.2 Insurance. Seller shall maintain or cause to be maintained in full force and effect its present insurance policies for the Property.

8.3 Compliance with Obligations. Seller shall fully and timely comply with all obligations to be performed by it under the Preliminary Documents, and the Conditions of Title.

8.4 No Transfers. Seller shall not sell, encumber or otherwise transfer any interest in all or any portion of the Property, or agree to do so.

8.5 Maintenance. At its sole cost and expense, Seller shall operate and maintain the Property such that on the Closing Date the Property shall be in at least as good a condition and repair as on the Effective Date, reasonable wear and tear excepted. Without limiting the generality of the foregoing, Seller shall, at a minimum, spend such amounts for repair and maintenance as are consistent with its prior practice. Seller shall promptly advise Buyer of any significant repair or improvement required to keep the Property in such condition. Seller shall not make any material alterations to the Property.

8.6 Commercially Reasonable Efforts. Seller shall use commercially reasonable efforts to cause the conditions set forth in Section 4.1 to be satisfied by the Closing Date, and Seller shall not take any action that would result in any of the representations and warranties set forth in Article 5 becoming false or incorrect.

ARTICLE 9. CLOSING.

9.1 Time. Provided all conditions set forth in Article 4 have been either satisfied or waived, the parties shall close this transaction (the "**Closing**") on or before October 25, 2016.

9.2 Escrow. This Article 9, together with such additional instructions as Placer Title Company, Attention: Jenny Vega, 2901 K Street #390, Sacramento, CA 95816 ("**Escrow Holder**"), shall reasonably request and the parties shall agree to, shall constitute the escrow instructions to Escrow Holder. If there is any inconsistency between this Agreement and the Escrow Holder's additional escrow instructions, this Agreement shall control unless the intent to amend this Agreement is clearly stated in said additional instructions. Buyer and Seller shall cause Escrow Holder to execute and deliver a counterpart of this Agreement to each of them. If the Title Company does not serve as the Escrow Holder, the Title Company shall provide a letter to Buyer, in form and content acceptable to Buyer, pursuant to which the Title Company accepts responsibility and liability for the acts and omissions of Escrow Holder in discharging Escrow

Holder's obligations hereunder, including, without limitation, any acts or omissions of Escrow Holder relating to the Title Company's commitment to issue the Title Policy, the receipt, recordation or delivery of any documents placed into escrow, and the receipt and disbursement of any funds placed into escrow.

9.2.1 Double Escrow. Seller and Buyer agree and acknowledge that this Escrow is in conjunction with the closing of Seller's acquisition of the Property from Olson.

9.3 Seller's Deposit of Documents Into Escrow. Seller shall deposit into escrow on or before Closing the following documents:

9.3.1 A duly executed and acknowledged grant deed(s) conveying the Property to Buyer ("**Grant Deed**") in substantially the form attached as Exhibit C;

9.3.2 A certificate executed by Seller stating that all representations and warranties made by Seller pursuant to this Agreement are true and correct as of the Closing Date ("**Seller's Certificate**");

9.3.3 Seller's Non-foreign Certification; and

9.3.4 Such additional documents, including written escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

9.4 Deliveries Outside of Escrow. Notwithstanding Section 9.3, Seller and Buyer may elect to deliver the documents described in Section 9.3 outside of escrow (other than documents which are to be recorded) by giving Escrow Holder a joint written notice of such election, specifying the documents which will be so delivered outside of escrow. Upon receipt of such notice, Escrow Holder shall have no further obligation concerning such specified documents.

9.5 Buyer's Deposit of Documents and Funds. Buyer shall deposit into escrow:

9.5.1 No later than October 20, 2016 days prior to the Closing Date, Buyer shall deposit the Property Purchase Price into escrow in accordance with the provisions of Article 2. Escrow Holder shall immediately thereafter provide written notice to Seller that Buyer has deposited the Property Purchase Price into escrow. On or before the Closing Date, Buyer shall deposit any additional funds needed to pay for the ALTA increment of the premium for the Title Policy for the Property, one-half of the escrow fees, sales tax and any other costs of Closing customarily paid by buyers of real property in the County of Sacramento for the Property, plus or minus prorations as provided in Section 9.8, by cashier's or certified check or electronic transfer of federal funds to Escrow Holder, on or before the Closing Date; and

9.5.2 Such additional documents, including written escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement; and

9.6 Default, Termination and Remedies.

9.6.1 Default. If prior to Closing, either Buyer or Seller fail to perform their respective obligations under this Agreement, and do not cure such failure within ten (10) business days after the other party gives written notice of such failure, then such other party shall thereafter have the right (but not the obligation) to terminate this Agreement and all parties' obligations therein (except for those obligations which expressly survive any termination) by giving written notice of such termination to Escrow Holder and the defaulting party at any time prior to the defaulting party's cure of such default. In such event, the defaulting party shall pay any cancellation charges of Escrow Holder. Termination shall not be a waiver of such breach, and the party not in breach shall be entitled to all appropriate relief, at law or in equity, except to the extent limited by Section 9.6.4.

9.6.2 Termination by Buyer. This Agreement may be terminated by Buyer, upon delivery of written notice to Seller, upon the occurrence of any of the following events, provided that Buyer is not then in material breach of this Agreement: (a) any condition to Closing contained in Section 4.1 has not been satisfied or waived by Buyer by the Closing Date; or (b) Buyer having exercised its right to terminate this Agreement pursuant to Section 3.4 (disapproval of Due Diligence Investigation), Section 3.5 (disapproval of title) or Article 10 (damage or condemnation). In such event, the parties shall have no further obligation to each other except for those obligations that specifically survive the termination of this Agreement.

9.6.3 Release from Escrow. Upon termination of this Agreement pursuant to Section 9.6.1 or 9.6.2, and except as provided in Section 9.6.4(b), Escrow Holder shall promptly return to Buyer and Seller, respectively, all documents and monies deposited by them into escrow without prejudice to their rights and remedies hereunder.

9.6.4 Remedies.

(a) Buyer's Remedies. If Seller breaches this Agreement, Buyer shall be entitled to pursue all remedies permitted herein and by law, including the remedy of specific performance. No termination of the escrow by Buyer following a breach by Seller shall be deemed to waive such breach or any remedy otherwise available to Buyer. In addition, if this Agreement is terminated after the expiration of the Due Diligence Period and prior to Closing due to a default by Seller, then, in addition to any remedy Buyer has under this Agreement, Seller shall reimburse Buyer for the actual, verifiable, out-of-pocket costs incurred by Buyer in conducting its Due Diligence Investigation pursuant to this Agreement.

(b) Seller's Remedies/Liquidated Damages. IF FOLLOWING THE EXPIRATION OF THE DUE DILIGENCE PERIOD AND BEFORE THE CLOSE OF ESCROW BUYER FAILS TO COMPLY WITH OR PERFORM BUYER'S OBLIGATIONS UNDER THIS AGREEMENT WITH REGARD TO THE PURCHASE OF THE PROPERTY AND DOES NOT CURE SUCH FAILURE WITHIN TEN BUSINESS DAYS AFTER SELLER GIVES BUYER WRITTEN NOTICE OF SUCH FAILURE, THEN SELLER MAY THEREAFTER: (I) TERMINATE THIS AGREEMENT; (II) RECEIVE AND RETAIN THE ENTIRE DEPOSIT AS LIQUIDATED DAMAGES; AND (III) EXERCISE THE OTHER RIGHTS AND REMEDIES RESERVED BY SELLER AS PROVIDED IN THIS

9.7.3 To the extent not otherwise delivered to Buyer outside of escrow, deliver to Buyer: (a) a conformed copy (showing all recording information thereon) of the Grant Deed; (b) the Seller's Certificate and the Non-foreign Certification; and

9.7.4 Deliver to Seller the Property Purchase Price (as adjusted pursuant to Section 9.8 and less any costs to be paid by Seller hereunder)

Escrow Holder shall prepare and sign closing statements showing all receipts and disbursements and all costs and prorations, and deliver copies to Buyer and Seller and, if applicable, shall file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Section 6045(e) of the Internal Revenue Code.

9.8 Prorations. Subject to the other provisions of this Section 9.8, all receipts and disbursements of the Property will be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date. Not less than five (5) business days prior to the Closing, Escrow Holder shall submit to Seller and Buyer for their approval a tentative prorations schedule showing the categories and amounts of all prorations proposed. The parties shall agree on a final prorations schedule prior to the Closing and shall deliver the same to Escrow Holder. If following the Closing either party discovers an error in the prorations statement, it shall notify the other party and the parties shall promptly make any adjustment required.

9.8.1 Capital Expenditures and Accounts Payable. All capital and other improvements (including labor and material) which have been performed or contracted for, by or on behalf of Seller prior to the Closing Date, and all sums due for accounts payable which have been incurred with respect to the Property prior to the Closing Date shall be paid by Seller and shall be subject to the indemnification provisions of Section 7.3. Buyer shall furnish to Seller for payment any bills for such period received after the Closing Date, and Buyer shall have no further obligation with respect thereto.

9.8.2 Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation, all supplemental taxes attributable to the period prior to the Closing Date 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. If the amount of any installment of real property taxes is not known as of the Closing Date, then a proration shall be made by the parties based on a reasonable estimate of the real property taxes applicable to the Property and the parties shall adjust the proration when the actual amount becomes known upon the written request of either party made to the other.

9.8.3 Utility Charges. All utility charges, if any, shall be prorated as of the Closing Date and Seller shall obtain a final billing therefor. All utility security deposits, if any, shall be retained by Seller.

9.8.4 In addition to paying the Olson Purchase Price, Buyer also shall pay all closing costs, escrow fees, prorated property taxes, recording fees, transfer taxes and other costs of closing incurred by Seller to acquire the Olson Property from the owner thereof. The Buyer and Seller agree and acknowledge that Seller is exercising its option or contract to purchase the

Olson Property under the Ground Lease purely as an accommodation to Buyer and in order for Buyer to obtain ownership of the Olson Property concurrently with obtaining ownership of the 540 and 550 N. 16th Street and 515 N. 12th Street Properties. Consequently, the Parties agree that Seller shall not bear any cost or expense in connection with acquiring the Olson Property and thereupon immediately transferring ownership thereof to Buyer.

9.9 Possession. Seller shall deliver exclusive right of possession of the Property to Buyer on the Closing Date, subject only to the Conditions of Title approved by Buyer.

ARTICLE 10. DAMAGE, DESTRUCTION AND CONDEMNATION.

This Agreement shall be governed by the Uniform Vendor and Purchaser Risk Act as set forth in Section 1662 of the California Civil Code as supplemented and modified by this Article 10. Seller shall promptly notify Buyer in writing of any material damage to the Property and of any taking or threatened taking of all or any portion of the Property. Within ten (10) days after receipt of such notice, Buyer shall determine whether it agrees that a material part of the Property has been damaged or whether such taking or threatened taking has affected or will affect a material part of the Property. As used herein, (a) the destruction of a "**material part**" of the Property shall be deemed to mean an insured or uninsured casualty to the Property having an estimated cost of repair which in the reasonable judgment of Buyer equals or exceeds \$50,000; and (b) a taking by eminent domain of a portion of the Property shall be deemed to affect a "**material part**" of the Property if in the reasonable judgment of Buyer the estimated value of the portion of the Property taken exceeds \$50,000. Upon making its determination, Buyer shall notify Seller in writing of the results of such determination. Buyer may elect, by written notice delivered to Seller within 30 days after giving Seller notice of such determination, to terminate this Agreement in accordance with Section 9.6.2 if a material part of the Property has been damaged or if such taking has affected or will affect a material part of the Property. If Buyer does not so terminate, (i) in the case of damage to a material part of the Property, Seller shall assign to Buyer at the Closing its right to recover under any insurance policies covering such damage and shall pay Buyer at the Closing the amount of the deductible, if any, and (ii) in the case of a threatened or actual taking of a material part of the Property, Seller shall assign to Buyer at the Closing Seller's entire right, title and interest in the proceeds thereof. If between the Effective Date and the Closing Date the Property suffers damage which is not material, Seller shall repair such damage at its expense prior to the Closing or leave funds in escrow to pay for such repairs based upon estimates obtained by Seller. The Closing Date shall be extended as necessary to permit Buyer to exercise its rights under this Article 10.

ARTICLE 11. GENERAL.

11.1 Notices. All notices, demands, approvals, and other communications provided for in this Agreement shall be in writing and shall be effective (a) when personally delivered to the recipient at the recipient's address set forth below; (b) five business days after deposit in a sealed envelope in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth below; or (c) one business day after deposit with a recognized overnight courier or delivery service, addressed to the recipient as set forth below, whichever is earlier. If the date on which any notice to be given hereunder falls on a Saturday,

Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday.

The addresses for notice are:

SELLER: 16th Street LLC
69A Lincoln Boulevard, Number 338
Lincoln, CA 95648

BUYER: Sacramento Housing and Redevelopment Agency
Attn: LaShelle Dozier, Executive Director
801 12th Street
Sacramento, CA 95814
Phone: (916) 440-1319

with a copy to David Levin, General Counsel
Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, CA 95814
Phone: (916) 440-1330

Either party may change its address by written notice to the other given in the manner set forth above.

11.2 Entire Agreement. This Agreement and the Schedules and Exhibits hereto contain the entire agreement and understanding between Buyer and Seller concerning the subject matter of this Agreement and supersede all prior agreements, including any previous letter of intent or terms, understandings, conditions, representations and warranties, whether written or oral, made by Buyer or Seller concerning the Property or the other matters which are the subject of this Agreement.

11.3 Amendments and Waivers. No addition to or modification of this Agreement shall be effective unless set forth in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by another party unless made in writing and signed by the waiving party.

11.4 Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

11.5 References. Unless otherwise indicated, (a) all Article, Section, Schedule and Exhibit references are to the articles, sections, schedules and exhibits of this Agreement, (b) all references to days are to calendar days, and (c) all references to business days are to Monday

through Friday, excluding any California state holiday. All the Schedules and Exhibits attached hereto are incorporated herein by this reference. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or California state holiday, such time for performance shall be extended to the next business day. The headings used in this Agreement are provided for convenience only and this Agreement shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in California.

11.7 Confidentiality and Publicity. The parties shall at all times keep this transaction and any documents received from each other confidential, except to the extent necessary to (a) comply with applicable law and regulations, or (b) carry out the obligations set forth in this Agreement. Any such disclosure to third parties shall indicate that the information is confidential and should be so treated by the third party. No press release or other public disclosure may be made by Seller or any of its agents concerning this transaction without the prior consent of Buyer.

11.8 Time. Time is of the essence in the performance of the parties' respective obligations under this Agreement.

11.9 Attorneys' Fees. In the event of any legal or equitable proceeding to enforce any of the terms or conditions of this Agreement, or any alleged disputes, breaches, defaults or misrepresentations in connection with any provision of this Agreement, the prevailing party in such proceeding shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs of defense paid or incurred in good faith.

11.10 Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. However, Seller shall not have the right to assign all or any portion of its interest in this Agreement without Buyer's prior written consent. Buyer shall have the right to assign all or any portion of its interest in this Agreement, or substitute for itself a nominee, upon notice to Seller not later than three days prior to the Closing Date.

11.11 Further Assurances. Seller, at any time before or after Closing, shall, at its own expense, execute, acknowledge and deliver any further deeds, assignments, conveyances and other assurances, documents and instruments of transfer reasonably requested by Buyer and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by Buyer for the purpose of transferring and confirming to Buyer, or reducing to Buyer's possession, any or all of the Property or otherwise carrying out the terms of this Agreement.

11.12 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person

other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over against any party to this Agreement.

11.13 Remedies Cumulative. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

11.14 Commissions, Indemnity, Disclosure. Buyer represents that it has hired the firm of Cornish & Carey Commercial, d.b.a. Newmark Cornish & Carey (“**Buyer’s Broker**”), as its broker, representing Buyer with respect to this transaction, and Buyer shall be responsible for payment of any real estate brokerage commission to Buyer’s Broker in accordance with Buyer’s separate agreement with Buyer’s Broker. Except for the Buyer’s Broker, each party represents to the other party that there is no other broker representing such party in the current transaction, and that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the transactions contemplated by this Agreement. Each party hereby indemnifies and agrees to protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including without limitation attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 11.14 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Agreement.

11.15 Threat of Condemnation. Buyer is a joint powers agency and its constituent entities possess eminent domain authority with respect to the Property. Buyer and Seller agree that this Agreement and Buyer’s acquisition of the Property hereunder is in lieu of the exercise of such eminent domain rights by any of Buyer’s constituent entities.

11.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

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

BUYER:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, a joint powers agency

By: _____
La Shelle Dozier, Executive Director

APPROVED AS TO FORM:

By: _____
Agency General Counsel

SELLER:

16th Street LLC.
A California limited liability company

By: _____
John F. Valensin,

Its: Managing Member

By: _____

Name: _____

Acceptance by Escrow Holder

Escrow Holder acknowledges receipt of the foregoing Agreement and accepts the instructions contained therein.

Dated: _____, 2016

PLACER TITLE COMPANY

By: _____

Name: _____

Title: _____