



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2017-01029

August 29, 2017

Consent Item 03

Title: (City Council/Redevelopment Agency Successor Agency) Purchase and Sale Agreement for 4722 9th Avenue and 4601-4025 10th Avenue

Location: 4722 9th Avenue and 4601-4025 10th Avenue, Districts 5 and 6

Recommendation: Pass: 1) a Redevelopment Agency Successor Agency (RASA) Resolution authorizing: a) the sale of 4722 9th Avenue and 4601-4025 10th Avenue (the "Property") to the City of Sacramento based on a June 2011 appraised value of \$643,150, b) the execution of the RASA grant deed by the City Manager or designee, and c) transfer of the Property sales proceeds to the County Auditor-Controller for distribution to the taxing entities; and 2) a City Council Resolution authorizing: a) acquisition of the Property from RASA for \$643,150, b) the City Manager or designee to execute a Certificate of Acceptance for the Property, c) the Purchase and Sale Agreement for the sale of the Property to College Town International, LLC for \$855,000, and d) the deposit of the City's share of the Property sales proceeds received from the County Auditor-Controller for the City's acquisition of the Property and the net sales proceeds from the sale of the Property to College Town International, LLC into the Innovation and Growth Fund (Fund 2031).

Contact: Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, Office of Innovation and Economic Development

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Site Location Map
- 3-Site Photo
- 4-RASA Resolution
- 5-City Resolution
- 6-Exhibit A to City 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, AB 484 and SB 107), RASA is responsible for the disposition of the non-housing properties. Health and Safety Code (HSC) Sections 34180(f) and 34191.5(c)(2) allow the City to retain Agency properties for future redevelopment activities. The retention of Agency property by the City requires the City to make payment to the other taxing entities for their share of the fair market value based on a June 2011 valuation date (when the dissolution law was enacted).

Two of the sites identified for retention by the City are located at the western intersection Stockton Boulevard and 10th Avenue (4601-4625 10th Avenue) and the eastern intersection of Stockton Boulevard and 9th Avenue (4722 9th Avenue) (see Attachment 1 for location).

In order to stimulate the development of these sites, City staff proceeded with steps needed to sell the property to a private developer by listing the property with an approved broker, Turton Commercial. Five offers were received by the submission deadline of February 8, 2017. A review committee consisting of community stakeholders was asked to provide input on the proposals and they indicated interest in the two proposals that were mixed-use projects with ground floor retail and housing above. Both of these teams offered \$855,000 for the two sites. After interviewing both multi-family teams, staff is recommending College Town International, LLC ("College Town") based on their concept of ground floor commercial with upper-level residences targeting students, faculty, and staff associated with UC Davis Medical Center which is located just to the north of the Site on Stockton Boulevard. This type of development would expand the economic influence and growth associated with the Medical Center further down Stockton Boulevard.

The actions outlined in this report provide for the acquisition of 4601-4625 10th Avenue and 4722 9th Avenue (collectively referred to as the "Site") by the City at the June 2011 value of \$643,150 and the simultaneous transfer of the property to College Town for \$855,000. The attached Purchase and Sale Agreement includes the terms of the transfer to College Town .

Policy Considerations: The proposed disposition of the Site is consistent with RASA's mandate to wind down the activities of the Agency by divesting of the former Agency's property assets.

Economic Impacts: The acquisition of this Site is the first step in a process that will lead to development of the site and further activity along the Stockton commercial corridor. The Buyer's intended use for the property as housing for students and faculty of the UC Davis Medical Center will serve to expand the economic impact of the Medical Center.

Environmental Considerations: The action outlined in this report for the sale or surplus property is exempt from environmental review under the California Environmental Quality Act (CEQA) under section 15312 of CEQA Guidelines.

Sustainability: The acquisition and subsequent sale of the Site for a mixed-use development 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 Site for retention by the City for future development. This Plan was approved by the State Department of Finance on December 31, 2015. On January 25, 2016, the Oversight Board authorized RASA to implement the Plan by selling the properties.

Rationale for Recommendation: The 1.55-acre Site is located on both sides of Stockton Boulevard. The largest portion, 4601- 4625 10th Avenue, contains 1.13 acres and is on the west of Stockton at 10th Avenue. The smaller portion, 4722 9th Avenue, contains .42 acres on the east of Stockton. Both portions are vacant land.

These three parcels were assembled by the Agency in the early 2000's for a mixed-use development. A few development opportunities were pursued including a mixed-use residential project similar to what is being proposed by College Town, but the economics at that time were not strong enough for the project to proceed. The Site has been vacant since approximately 2005.

College Town envisions a mixed-use development project on the Site, with ground floor retail and services and residences on the upper levels. Though early in the planning stages, College Town is targeting students and/or faculty and staff at the UC Davis Medical Center. This will position the Site to take advantage of the growth of the Medical Center and ancillary medical services to continue the transformation of the Stockton Boulevard Corridor.

The Purchase and Sale Agreement includes a 45-day due diligence period with a closing anticipated by mid-December 2017.

Financial Considerations: Pursuant to the requirements of the dissolution legislation the City may retain properties for future development as long as the City reaches a compensation

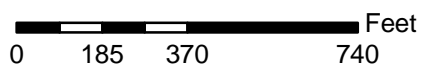
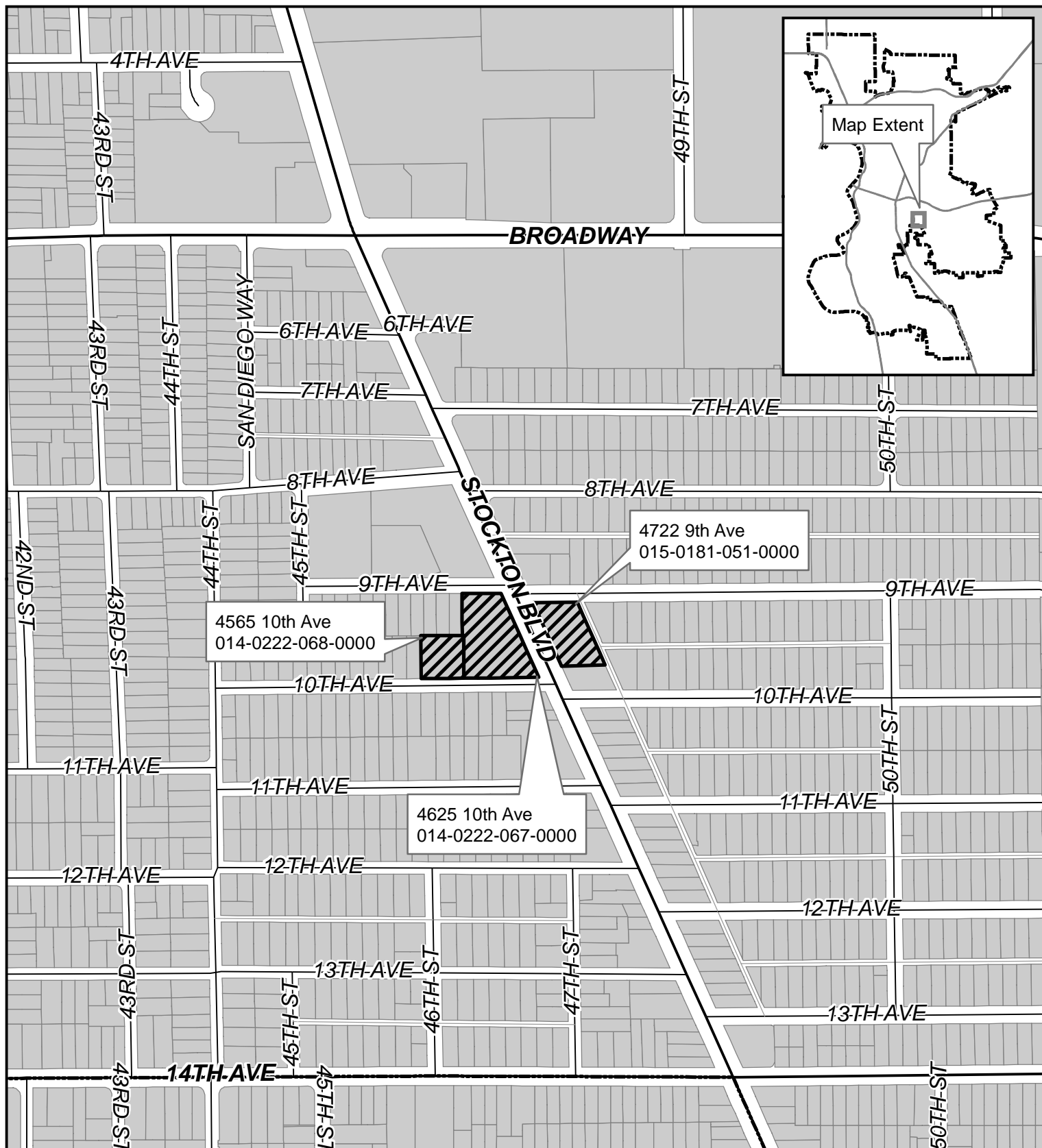
agreement with the taxing entities providing that each taxing entity would receive its share of the sales proceeds at the same rate as their share of the former redevelopment property tax distribution as determined by the County Auditor-Controller.

RASA staff has secured the agreement from the necessary 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 to the City of the Site at the June 2011 value of \$643,150. These agreements were approved by City Council on August 3, 2017. If the City Council and the RASA Board approve the acquisition of the Site by the City, the funds from that transaction will be provided to the County Auditor-Controller who would then make the distribution to each of the taxing entities. The City is considered one of the taxing entities and will receive approximately 20% as part of the Auditor's distribution of the sale proceeds.

The proposed transactions will not require any outlay of City funds. The agreement between RASA and the City includes a sales price of \$643,150 while the Purchase and Sales Agreement with Buyer is for \$855,000. The City's purchase of the Site and subsequent sale would occur concurrently at related escrow closings, thus the City would never be at risk if College Town did not finalize the purchase. The City's cost as seller includes escrow fees and charges as well as a brokerage commission of 5%.

If approved and the transaction closes, the net sales proceeds (net of the broker's fee, transaction, and escrow costs) will be sent to the County Auditor-Controller for distribution to the taxing entities. The City's portion of the sales proceeds will be deposited into the Innovation and Growth Fund.

Local Business Enterprise (LBE): Not applicable.



4722 9th Ave, 4565 10th Ave, and 4625 10th Ave Vicinity Map



SITE PHOTOS



Northwest view of 10th Avenue



West view of 10th Avenue



South view of 4722 9th Avenue on the right side of the alley.



South view of 4722 9th Avenue
(Stockton Boulevard on the right)

RESOLUTION NO. 2017-

Adopted by

Redevelopment Agency Successor Agency

August 29, 2017

SALE OF RASAPROPERTY AT 4601-4625 10TH AVENUE AND 4722 9TH AVENUE

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.
- B. On December 15, 2015, the Oversight Board for RASA approved the Long Range Property Management Plan which included the sale of 4601-4625 10th Avenue and 4722 9th Avenue to the City of Sacramento (City) to allow the City to retain the property for future development based on the market value as of June 2011.
- C. Health and Safety Code Sections 34180(f) and 34191.5(c)(2) 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.
- D. An appraisal of the value of 4601-4625 10th Avenue and 4722 9th Avenue as of June 2011 has been prepared by an independent appraiser approved by the Oversight Board. The appraisal showed a value of \$643,150. The appraiser selected is on the City's on-call list of appraisers.
- E. On August 3, 2017, the City Council approved compensation agreements with all of the taxing entities for all of the properties that the City wants to retain for future development, including 4601-4625 10th Avenue and 4722 9th Avenue.

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

- Section 1. The sale of 4601-4625 10th Avenue and 4722 9th Avenue (APN 0140-222-067-0000, APN 0140-222-067-0000, 0150-181-051-0000) for \$643,150 to the City of Sacramento is hereby approved.
- Section 2. The City Manager or his designee on behalf of RASA is authorized to execute the grant deed and any other required documents to sale the property at 4601-4625 10th Avenue and 4722 9th Avenue to the City of Sacramento.

RESOLUTION NO. 2017-

Adopted by the Sacramento City Council

August 29, 2017

ACQUISITION AND SALE OF 4601-4625 10TH AVENUE AND 4722 9TH AVENUE

BACKGROUND:

- A. The City of Sacramento desires to purchase the properties located at 4601-4625 10th Avenue and 4722 9th Avenue, which were previously owned by the Redevelopment Agency of the City of Sacramento, for future development as authorized under Health and Safety Code sections 34180(f) and 34191.5(c)(2).
- B. The Redevelopment Agency Successor Agency has obtained all of the required approvals from its Oversight Board, the State Department of Finance, and the taxing entities to sell 4601-4625 10th Avenue and 4722 9th Avenue to the City of Sacramento for \$643,150, based on an appraisal of the property as of June 2011.
- C. On August 3, 2017, the City Council approved the Compensation Agreements with all of the taxing entities for all of the properties that the City wants to retain for future development, including 4601-4625 10th Avenue and 4722 9th Avenue at the \$643,150 value.
- D. The City has listed the properties for sale and College Town International, LLC offered to purchase them for \$855,000 and plans to develop a mixed-use housing and retail project.

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

- Section 1. The City's purchase of 4601-4625 10th Avenue and 4722 9th Avenue (APN 0140-222-067-0000, APN 0140-222-067-0000, 0150-181-051-0000) for \$643,150 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 Purchase and Sale Agreement with College Town International, LLC for the sale of 4601-4625 10th Avenue and 4722 9th Avenue for \$885,000 and make any necessary budgetary transactions to record the purchase and sale.
- Section 3. The City Manager is directed to deposit the City's share of the sales proceeds for the purchase and sale of 4601-4625 10th Avenue and 4722 9th Avenue to the Innovation and Growth Fund (Fund 2031).

Exhibit A. Purchase and Sale Agreement with College Town International, LLC

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

SELLER: REDEVELOPMENT AGENCY
SUCCESSOR AGENCY

BUYER: COLLEGE TOWN INTERNATIONAL,
LLC

PROPERTY: 4601-4625 10th Avenue and
4722 9th Avenue along Stockton Blvd

DATED: August 29, 2017

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. Seller is the successor to the dissolved Redevelopment Agency of the City of Sacramento ("Agency") pursuant to the provisions of AB 26 X1 and AB 1484. The City of Sacramento elected to serve as the successor agency, known as the Redevelopment Agency Successor Agency ("RASA"), which is a separate public agency per Health and Safety Code Section 34173(g). RASA's actions to wind down the affairs of the former Agency are subject to approval by its Oversight Board, and the State Department of Finance ("DOF") has the authority to review all Oversight Board actions.

B. Before prior Agency properties can be sold, Health and Safety Code Section 34191.5 requires the preparation of a Long Range Property Management Plan ("Plan"). This Plan was approved by DOF on December 31, 2015. On January 25, 2016, the Oversight Board delegated authority to RASA to sell Agency properties at fair market value based on an appraisal or a bidding process. DOF did not request review of that action, so it is final.

C. Buyer is interested in acquiring the Property and has made an offer in the amount listed below as the Purchase Price. RASA has confirmed that the price represents the fair market value of the Property.

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:

Effective Date:	The date this Agreement is approved by the City Council acting as the Board for the Redevelopment Agency Successor Agency.
Seller:	The Redevelopment Agency Successor Agency, a municipal corporation ("RASA").

Seller's Address:	Redevelopment Agency Successor Agency Office of the City Manager Attention: John Dangberg, Assistant City Manager New City Hall 915 I Street, 5 th Floor Sacramento CA 95814 Phone No.: (916) 808-1222 Fax No.: (916) 808-7618 E-Mail: jdangberg@cityofsacramento.org
Seller's Counsel:	Office of the City Attorney 915 I Street, Fourth Floor Sacramento, CA 95814 Attention: Sheryl Patterson Phone No.: (916) 808-5346 Fax No.: (916) 808-7455 E-Mail: spatterson@cityofsacramento.org
Buyer:	College Town International, LLC, a Delaware limited liability company
Buyer's Address:	College Town International, LLC Attention: Dan Weinstein 9454 Wilshire Boulevard, Suite 510 Beverly Hills CA 90212 Phone No.: (310) 849-4035 Fax No.: E-Mail: dweinstein@ctihousing.com
Buyer's Counsel:	<u>Liner LLP</u> <u>1100 Glendon Ave, 14th Floor</u> <u>Los Angeles, CA 90024</u> Attention: <u>Michael J. Kiely, Esq.</u> Phone No.: <u>(310) 500-3416</u> Fax No.: <u>(310) 500-3501</u> E-mail: mkiely@linerlaw.com

Property:	Three parcels of land located in the City of Sacramento, County of Sacramento, State of California, consisting of a total of approximately 93,958 square feet of land area encompassing APN No.s 015-0181-051, and 014-0222-067 and 068 as described in <u>Exhibit 1</u> (the "Legal Description"). The Property includes, without limitation, all mineral and water rights and all of the existing easements, rights-of-way and other appurtenances used or connected with the use or enjoyment of the Property.
Lease:	None. The Property is vacant land and not subject to any lease or other occupancy agreement.
Purchase Price:	The total Purchase Price for the Property is \$855,000.00.
Escrow Holder:	Fidelity National Title Company
Escrow Instructions:	The instructions issued by Seller and Buyer to Escrow Holder are in <u>Exhibit 2</u> , in addition to the terms and conditions set forth in this Agreement for Escrow No. 01000105-010-PA-CDT
Closing Date:	-December 5, 2017, or such later date in accordance with <u>Section 9</u> of this Agreement.
Title Company:	Fidelity National Title Company
Preliminary Title Report:	The reports dated March 23, 2017 as amended on June 2, 2017 (APN 015-0181-051) and dated March 24, 2017 (APN 014-0222-067 and 068) issued by the Title Company describing the title to the Property and any encumbrances. These reports may be updated before the Closing.

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 Escrow Instructions

Exhibit 3 RASA Grant Deed

2. 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. The Property shall be conveyed to Buyer from Seller by means of a Grant Deed in the form attached as Exhibit 3.

3. Purchase Price. The Purchase Price shall be EIGHT HUNDRED FIFTY FIVE THOUSAND DOLLARS (\$855,000.00), which Buyer shall pay to Escrow Holder prior to the Closing Date in accordance with provisions in Section 13. Within three (3) days of the Buyer receiving notice from Escrow Holder that escrow has been opened, Buyer shall deposit the sum of Twenty-Five Thousand Dollars (\$25,000.00) (the "Initial 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. Buyer's Due Diligence Period expires on October 20, 2017 per Section 11(b), at which time the Initial Deposit will become non-refundable to Buyer, unless the Closing does not occur due to Seller's default. As set forth in Section 9(d), Buyer shall deposit additional sums into Escrow if Buyer elects to extend the Closing Date. __

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

(g) As of the 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. As of the Closing, 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, with the exception of Buyer's Contingencies per Section 11. The Property will be purchased by Buyer "AS IS" and "WHERE IS" and with all faults. Buyer has 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.

(g) Other than as expressly set forth in 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.

(h) 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 OF THE PROPERTY FOR A PARTICULAR PURPOSE OF THE PROPERTY BEING ACQUIRED BY BUYER.

5. **Development of Property.** 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, even if such planned use or development project is referenced in this Agreement, and that the City of Sacramento (City) is not a party to this Agreement or bound by any representation of Seller with regard to the Buyer's planned use and development of the Property. Buyer agrees with the following provisions:

(a) 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.

(b) Even though Seller is affiliated with 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 or City's officers, employees, agents, or contractors may have disclosed to Buyer regarding the ability to develop the Property for Buyer's intended use.

(c) This Agreement shall not be construed as a "development agreement" within the meaning of Government Code Section 65864 *et seq.*

7. **Seller's Disclosure and Buyer's Release and 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.

(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 prior uses of the Property may have included a car repair facility and/or a gas station and there was a release of Hazardous Substances, as defined below, on or beneath the Property which substances may remain on or beneath the Property and constitute contamination under the Environmental Laws.

(b) Seller has made a good faith effort to identify and provide to Buyer all reports in its possession regarding the condition of the Property with regard to the release by prior owners of the Property of Hazardous Substances and the presence of any underground storage tanks in, on or about the Property. Seller discloses to Buyer that there is an area on the Property that is an open underground vault which may have been used as a car repair bay.

(c) With respect to Seller's obligation under the Disclosure Statutes, Buyer agrees that Seller has satisfied the statutory requirements and that Seller shall not be held liable for any errors or in accuracies in the reports Seller provided to Buyer, if any. Subject to Section 24, Seller has or will provide Buyer and Buyer's representatives, employees, agents, advisors, and consultants (collectively, along with Buyer, the "**Buyer Related Parties**") with the opportunity to physically inspect the Property and conduct tests of the soil, groundwater and any materials 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. Seller shall not be liable to Buyer for any costs to remediate the Property and Seller shall not be obligated to undertake any remediation of the Property prior to Closing.

(d) The Natural Hazards Disclosures 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.

(e) 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.

(f) 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.*

(g) 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.

(h) Upon Closing, excluding Claims from third parties that accrued prior to Closing, Buyer shall assume the risk of the any condition of the Property, and shall defend, indemnify and hold Seller harmless as follows:

- 1) The following release and waiver of Claims shall be referred to as the "Release." Upon the Closing, Buyer, on its own behalf and on behalf of each of its successors and assigns and each and all of its and their respective members, partners, officers, directors, employees, parents, affiliates and subsidiaries, and each of their respective successors and assigns (collectively, "Waiver Parties") hereby fully, forever, irrevocably and unconditionally waives and releases Seller and its respective officers, employees, agents, and representatives and their respective successors and assigns (collectively, "Released Parties") from: (i) 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 (collectively, the "Claims"), that the Waiver Parties, or any of them, ever had, now have, or may have against the Property or the Released Parties pertaining to the Property, arising or accrued prior to the Closing; and (ii) any and all conditions of the Property, including, without limitation, any and all actual, threatened or potential Claims, and Claims for contribution under any law relating to Hazardous Substances, whether under any federal, state or local law (both statutory and non-statutory) or Environmental Laws, and, whether asserted or demanded by a third party against any of the Waiver Parties or incurred directly or indirectly by any of the Waiver Parties themselves, that any of the Waiver Parties may now or hereafter have against any of the Released Parties and that arise in connection with or in any way are related to: (a) the physical condition of the Property, the financial condition of the Property, the value of the Property, the suitability of the Property for Buyer's intended use, management or operation of the Property, or the accuracy or completeness of any information reviewed by Buyer in connection with its investigations of the Property and which may have been relied upon by Buyer in deciding to purchase the Property; (b) any handling of any Hazardous Substances at, beneath, to, from, or about the Property; (c) any compliance or non-compliance with Environmental Laws regarding any Hazardous Substances or any handling related thereto at, beneath, to, from, or about the Property; (d) any acts, omissions, services or other conduct related to any of the foregoing items "(a)" through "(c)," inclusive; and/or (e) any condition, activity, or other matter respecting the Property that is not addressed by any of the foregoing items "(a)" through "(d)," inclusive; Provided, however, that

Waiver Parties do not release Released Parties from any third party Claims that are incurred, related to, arising from, or accruing prior to the Closing.

- 2) The following indemnification of Claims shall be referred to as the "Indemnity." Buyer shall defend, hold harmless and indemnify the Released Parties and each of them from and against all third party Claims that are incurred, related to, arising from, or accruing after the Closing for the matters that are covered under the provisions of the foregoing subsection. Released Parties shall defend, hold harmless and indemnify the Waiver Parties and each of them from and against all third party Claims that are incurred, related to, arising from, or accruing prior to the Closing.

(g) For the foregoing Release of Claims, to the fullest extent not prohibited by law, Buyer expressly and specifically waives the benefits of Section 1542 of the California Civil Code ("Section 1542"), which is excerpted below and any successor laws:

"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 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: (a) be obligated to undertake any maintenance or repairs of the Property; or (b) take or authorize any 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; but excluding actions necessary to protect the public health, safety or welfare.

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 2 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 shall control.

(b) **The Closing.** Subject to Buyer's and Seller's respective extension rights provided by Section 9(d) below, and any right to extend the Closing Date provided by the Escrow Instructions, the Closing Date is initially scheduled to occur forty-five (45) days after expiration of Buyer's Due Diligence Period (i.e., December 5, 2017). 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 signed documents into Escrow) on the business day immediately preceding the then-scheduled date of Closing. Solely for purposes of calculating all Prorations under this Agreement, the actual Closing Date shall be deemed to be the date that on which the Grant Deed in the form attached as Exhibit 3 is recorded pursuant to applicable law in Sacramento County, California.

(c) **Possession of the Property.** As of the Closing Date, Buyer shall obtain rights to the full possession of the Property 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. Buyer will assume responsibility for the physical condition of the Property from the date of Closing and thereafter.

(d) **Extension.** The Escrow Instructions set forth the expected Closing Date. If Seller anticipates that it will be unable to convey title or to deliver possession of the Property to Buyer pursuant to the terms of this Agreement on the Closing Date, then Seller shall have the right to extend the Closing for a period of up to thirty (30) days ("Seller's Extension Period") by giving Buyer and Escrow Holder written notice of the need to extend the initial Closing Date no later than FIVE (5) business days prior to the

Closing Date (i.e., November 31~~28~~, 2017). At any time prior to the Closing Date (as the same may have been extended), Buyer shall have the right to extend the Closing for a period of up to thirty (30) days ("Buyer's First Extension Period"), by giving Seller and Escrow Holder written notice thereof and, within three (3) business days following such notice, Buyer shall deposit an additional Twenty-Five Thousand Dollars (\$25,000.00) (the "First Extension Deposit") into Escrow. Buyer shall also have the right to extend the Closing for another period of up to thirty (30) days ("Buyer's Second Extension Period") by giving Seller and Escrow Holder written notice of the need to extend the Closing Date FIVE (5) business days prior to Closing Date (as the same may have been extended) and depositing an additional Twenty-Five Thousand Dollars (\$25,000.00) (the "Second Extension Deposit") into Escrow. The Initial Deposit and, to the extent that the same have been deposited into Escrow, the First Extension Deposit and the Second Extension Deposit, are collectively referred to herein as the "Deposit". The Deposit and shall be applied to the Purchase Price at the Close of Escrow. The First Extension Deposit and the Second Extension Deposit shall both be non-refundable, except in the event of a default by Seller under this Agreement.

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

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 Closing Date, of the following conditions precedent (collectively, "Buyer's Contingencies"), which are for Buyer's benefit only.

(g) **Title Review.** Seller has caused the Title Company to deliver to Buyer the Preliminary Title Reports 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") shall be identified by Buyer prior to the expiration of Buyer's Due Diligence Period described in Section 11(b) below. The Permitted Exceptions shall include the 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 and payable, and any recorded easement interests held by entities other than Seller. 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.

(h) **Inspections and Studies.** Buyer has or will investigate the suitability of the Property for Buyer's intended uses on or before forty- five (45) days from the Effective Date ("Buyer's Due Diligence Period"). Buyer's investigations may include any

inspection deemed necessary by Buyer to determine the suitability of the Property for Buyer's intended uses, including, without limitation, Subdivision Map Act requirements, zoning, availability and cost of providing utilities, sewers and storm drains, topographic studies, feasibility studies, and environmental site assessments. Buyer shall be solely responsible for determining the status of the environmental remediation of the Hazardous Substances on the Property and the requirements to obtain regulatory approval for development of the Property for Buyer's intended use. Buyer may terminate this Agreement prior to the expiration of the Buyer's Due Diligence Period and the Deposit shall be refunded to Buyer.

(i) **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.

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

(k) **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") title insurance policy to be issued by the Title Company in the amount of the Purchase Price and containing endorsements reasonably requested 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. At Buyer's election, Buyer instead may request Title Company to issue a standard or extended form American Land Title Association ("ALTA") title insurance policy and Buyer shall be solely responsible for the costs of any surveys required for issuance of such ALTA policy.

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 deliver or cause to be delivered to 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, 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.

(a) **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 as set forth in Section 23 of this Agreement.

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

(a) **Grant Deed.** The Grant Deed in the form attached as Exhibit 3. The title transferred thereunder shall be subject to matters ascertainable by a reasonable inspection and survey of the Property, and the Permitted Exceptions.

(e) **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.

(f) **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.

(g) **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 of this Agreement.

15. Joint Deliveries Into Escrow. On or before one (1) business day before the Closing Date, Seller and Buyer shall each execute, acknowledge where required,

complete required insertions, and deliver into Escrow two (2) counterparts of the following documents:

(a) **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 or the Closing fails to occur due to Buyer's default (subject to Buyer's rights to extend the Closing Date under Section 9(d) and provided that Seller has not been in default under this Agreement), Buyer will be responsible for any and all Escrow Expenses actually incurred by Escrow Holder as of either the date that Buyer so terminates this Agreement or the then-scheduled Closing Date (as the same may be extended pursuant to Section 9(d)), as applicable. If Seller is unable to convey title or to deliver possession of the Property to Buyer as of the then-scheduled Closing Date, then Seller, subject to Seller's right to extend the Closing Date under section 9(d), shall 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:

(g) **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 Grant Deed and for any instrument that Seller must cause to be recorded in order to convey title in the condition required under this Agreement; (v) ½ of the City transfer tax; and (vi) all of the County transfer tax, if required (collectively, "Seller's Costs").

(l) **Buyer's Costs.** Buyer shall bear the following costs and expenses at Closing: (i) any title policy and endorsements requested by Buyer; (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 lender's title policy (collectively, "Buyer's Costs").

(m) **Escrow and General Expenses.** Buyer and Seller shall each pay fifty percent (50%) of Escrow Holder's customary and reasonable charges to buyers and sellers for the preliminary title report, 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 that have actually accrued as of the date of such default. All other usual and customary 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

brokers, attorneys, and consultants in connection with the offer to purchase and negotiation and preparation of this Agreement and the consummation of the transactions contemplated in this Agreement.

(n) **Proration of Expenses.** Any expenses associated with the ownership, 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 then-scheduled 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.

(h) **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.

(o) **Utility Charges and Service Contracts.** Prior to the Closing Date, Seller shall make arrangements with the utility companies to terminate utility services and with any other company providing services to the Property, if any, 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:

(g) **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.

(p) **Document Recordation.** Escrow Holder shall record the Grant Deed in the Official Records of the Recorder's Office (the "Official Records").

(q) **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.

(r) **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.

(s) **Title Policy.** Escrow Holder shall cause its Title Company to issue the Buyer's Title Policy to Buyer in accordance with the Escrow Instructions.

(t) **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:

(g) **To Seller.**

- i. One (1) conformed copy of the recorded Grant Deed;
- ii. One (1) copy each of the Preliminary Change of Ownership Report, the Documentary Transfer Tax Statement, and the final Closing Statement.

(u) **To Buyer.**

- i. One (1) conformed copy of the recorded Grant Deed;
- ii. One (1) copy each of the Preliminary Change of Ownership, the Report Documentary Transfer Tax Statement, and the final Closing Statement.

(v) **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 either be deemed to have knowingly, voluntarily and intentionally waived the right to the disclosures, or Buyer shall assume responsibility for obtaining the information required to be disclosed by a seller (the "Natural Hazards Disclosures") as 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 during Buyer's Due Diligence Period.

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:

(g) **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.

(w) **Requisite Action.** All requisite action, including, without limitation, approval by the Sacramento City Council as the board for RASA 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.

(g) **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.

(x) **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.

(y) **Third Party Notices and Consents.** This transaction does not require notice to or the consent of any governmental entity or private party.

(z) **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.

(aa) **Hazardous Substances.** Seller has not received any notice from the United States Environmental Protection Agency, the State of California Department of Toxic Substances Control, or the Sacramento County Environmental Management Agency, or any other federal, state, county or municipal entity or agency that regulates Hazardous Substances or public health risks or other environmental matters, or any private party or person claiming any violation of, or requiring compliance with, any Environmental Laws or demanding payment or contribution for any Hazardous Substances in, on, under, upon or affecting the Property.

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

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

(dd) **Leases and Defaults.** The Property is not subject to any lease or other occupancy agreement. Seller is not in default under any contracts, agreements, easements or any other documents or instruments relating to or affecting this Agreement or the Property.

(ee) **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.

2. **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.

3. **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.

3. **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:

(g) **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 and promptly receive a full refund of the Deposit, or (ii) purchase the Property pursuant to the terms of this Agreement (or if necessary, seek specific performance of this Agreement); provided, that in either event, Seller shall be provided at least ten (10) business days to cure such default.

(g) **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 (subject to Buyer's rights to extend the Closing Date provide herein), 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.

(h) **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.

(i) **Deposit.** Notwithstanding any other term, provision or condition in this Agreement, 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 then-scheduled Closing Date, or (iii) Buyer's contingencies as provided in Section 11; then the Deposit shall be paid by Escrow Holder to Seller.

(j) **Escrow Expenses.** If Buyer fails to allow for the Closing as contemplated in this Agreement for any reason (other than a default of Seller or the failure of Buyer's Contingencies as provided in Section 11 to be satisfied), Buyer shall be liable for all of the Escrow Expenses. If Seller fails to allow for the Closing as contemplated in this

Agreement and Buyer does not purchase the Property pursuant to Section 23(a)(ii) above, then Seller shall be liable for all of the Escrow Expenses.

(k) **Buyer's Liability.** Other than loss 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.

4. **Right of Entry.** By its execution of this Agreement, Seller grants a license to the Buyer Related Parties to enter the Property to conduct visual inspections only. Any other due diligence inspections, testing, and other pre-construction activities, including, without limitation, soil testing, surveying, staking, and potholing to allow Buyer to address Buyer's Contingencies as set forth in Section 11 shall require the Buyer Related Parties to enter into a right of entry agreement with Seller. Seller hereby agrees to promptly execute any reasonable right of entry agreement under which (a) the Buyer Related Parties may enter the Property at any reasonable time (including during weekends) by providing Seller with at least one (1) business day's prior notice of such entry, and (b) Buyer agrees to provide insurance and indemnity protections to Seller for third party tort claims.

5. **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 terminate this Agreement without any liability to Buyer (provided that in such event, Buyer shall promptly receive a full refund of the Deposit), defend such litigation, or tender its defense to Buyer. If Seller decides to defend the action, 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) If Seller decides to tender the defense of the action to Buyer, Seller shall promptly notify Buyer of its determination. Buyer shall, upon such notice from Seller, either (i) terminate this Agreement; provided, that in such event, Buyer shall promptly receive a full refund of the Deposit), or (ii) at Buyer's sole expense, defend the action on its behalf and on behalf of Seller. In the event Buyer elects to defend the action, Buyer shall have the right to settle such action, provided 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) If Buyer elected to accept the defense of the action and if the judgment or order includes a provision for attorney fees and/or costs of the successful party or parties, Buyer shall pay the entire cost thereof, without right of offset, contribution or indemnity from Seller, irrespective of anything to the contrary in the judgment or order.
- (ii) 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 28(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 (and Buyer shall promptly receive a full refund of the Deposit); however, each Party shall be liable for half of the Escrow Expenses prior to termination.
- (iii) 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 as long as Seller is not required to incur additional costs.

27. Tax Deferred Exchange. Upon the request of Buyer (the "Requesting Party") to this Agreement, the Seller (the "Non-Requesting Party") agrees to reasonably cooperate with the Requesting Party in consummating the sale of the Property as part of a simultaneous or non-simultaneous tax-deferred exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, provided that: (i) the NonRequesting Party shall not be required to take title to any property other than the Property or incur any additional liabilities or financial obligations as a consequence of such cooperation, and (ii) the respective Closing Date shall not be delayed or extended thereby.

(a) The Requesting Party shall have the right to assign its rights and obligations hereunder to a qualified intermediary (the "Intermediary"), who will cause the Closing under this Agreement to occur on the Requesting Party's behalf. All of the Requesting Party's liabilities, representations and warranties under this Agreement shall remain those of the Requesting Party and the Non-Requesting Party shall not seek recourse against the Intermediary with respect to such liabilities or for the breach of any such representations or warranties. Performance by an Intermediary in effectuating an Exchange shall be treated as if such performance were made by the Requesting Party, and the Requesting Party shall remain the primary obligor for the full and timely performance of all obligations of the Requesting Party under this Agreement. In the

event of any breach of such representations, warranties, covenants or other obligations, the Non-Requesting Party may proceed directly against the Requesting Party.

(b) The Non-Requesting Party shall not be required to assume any liabilities as a result of the Exchange transaction that are in addition to those which would exist if the transaction were effectuated as a sale by the Requesting Party and not effectuated as an Exchange.

(c) The Requesting Party hereby agrees to indemnify, defend (with counsel reasonably satisfactory to the Non-Requesting Party) and hold harmless the Non-Requesting Party from and against any and all claims, loss, cost, damage, or expense (including, without limitation, reasonable attorneys' fees) incurred by the Non-Requesting Party to the extent caused by the NonRequesting Party's participation in the Exchange.

28. 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 select within ten (10) days from such notice to either proceed with the Closing and take the Property with such Damage or terminate this Agreement. If Buyer elects to terminate this Agreement, the Deposit shall be returned to Buyer within ten (10) days of such termination and each Party shall be liable for half of the Escrow Expenses. 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 Seller shall immediately notify Buyer of such taking. Buyer shall select within ten (10) days from such notice to either proceed with the Closing and take the Property subject to such taking, in which event Buyer shall receive all of the award or payment made in connection with such taking, or terminate this Agreement, in which event the Deposit shall be returned to Buyer within ten (10) days of such termination and each Party shall be liable for half of the Escrow Expenses.

(c) **Notices.** All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing (which may include email), 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), sent by certified mail, postage prepaid, return receipt requested, or delivered by email. All Notices shall be effective upon receipt at the appropriate address, or in the case of Notices delivered by email, upon the confirmation of receipt by the recipient or such recipient's counsel. 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.** Buyer and Seller each hereby represents and warrants to the other that it has not entered into any agreement or taken any other action that might result in any obligation on the part of the other party to pay any brokerage commission, finder's fee or other compensation with respect to this Agreement, and each agrees to protect, defend, indemnify and hold the other harmless from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and court costs) in any way arising or resulting from or in connection with or related to any breach or inaccuracy of such representation and warranty made by such indemnifying party. Any commission payable by Buyer or Seller to its respective broker, if any, shall be pursuant to the terms of a separate agreement. The foregoing indemnity shall survive both the Closing or the termination of this Agreement.

(e) **Assignment.** Neither Party may assign this Agreement without the other Party's express written consent; provided, that Buyer may assign its rights under this Agreement to an affiliated entity that is owned by, or shares common ownership with, Buyer (an "Affiliate") and such Affiliate accepts in writing all of the obligations set forth in this Agreement, and Buyer indemnifies Seller with regard to any dispute between Buyer and such Affiliate.

(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.** The provisions of this Agreement which expressly survive Closing shall so survive, including, without limitation, any covenants, representations, indemnification and release obligations made by each Party. No provision of this Agreement shall merge into the Grant Deed.

(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; Electronic 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 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.** The Parties shall bear their own costs and attorneys' fees incurred in connection with this Agreement.

(t) **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.

(u) **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:

REDEVELOPMENT AGENCY
SUCCESSOR AGENCY, a municipal
corporation

BUYER:

COLLEGE TOWN INTERNATIONAL,
LLC, a Delaware limited liability company

By: _____
John Dangberg,
Assistant City Manager
For: Howard Chan, City Manager

By:  _____

Name: Dan Weinstein

Approved as to Form:

Title: Managing Partner

By: _____
Senior Deputy City Attorney

Buyer's Counsel:



Attest:

By: _____

Name: Michael Kiely

By: _____
Assistant City Clerk

Title: Liner LLP

EXHIBIT 1

Legal Description

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

LOTS 968, 969, 970, 971 AND 972, AS SAID LOTS ARE SHOWN ON THAT MAP ENTITLED "WRIGHT AND KIMBROUGH UNIT NO. 21", RECORDED JULY 20, 1911, IN BOOK 12 OF MAPS, MAP NO. 31, OFFICIAL RECORDS OF SACRAMENTO CALIFORNIA, AS DESCRIBED ON CERTIFICATE OF COMPLIANCE RECORDED JULY 26, 1995, BOOK 19950726, PAGE 1376 OF OFFICIAL RECORDS

APN: 015-0181-051

PARCEL NO.1:

All of Lots 27, 28 and 29 as shown on the "Plat of Tresch Tract", recorded in Book 14 of Maps, Map No. 58, and Lots 7818, 7819, 7820, 7821 and 7822 as shown on the "Plat of H. J. Goethe Company's Subdivision No. 78" recorded in Book 7 of Maps, Map No. 18 records of County of Sacramento Official Records, and more particularly described as Parcel 1 in that certain Certificate of Compliance for Lot Merger recorded December 23, 2003 in Book 20031223, Page 1325 of Official Records.

PARCEL NO. 2:

All of Lots 7815, 7816, 7817 as shown on the "Plat of H.J. Goethe Company's Subdivision No. 78", recorded in Book 7 of Maps, Map No. 18 of the County of Sacramento Official Records, and more particularly described as follows: as Parcel 1 in that Certificate of Compliance for Lot Merger recorded December 23, 2003 in Book 20031223, Page 1324 of Official Records.

APN: 014-0222-067, 014-0222-068

EXHIBIT 2

ESCROW INSTRUCTIONS

Date:

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

Re: Conveyance of that certain real property located at 4601-4625 10th Avenue and 4722 9th Avenue in the City and County of Sacramento, State of California (the "Property"). Your Escrow No. 01000105-010-PA-CDT (the "Escrow").

Dear Mr. Avila:

This letter constitutes the joint escrow instructions of the Redevelopment Agency Successor Agency, a municipal corporation ("Seller") and College Town International, LLC a Delaware 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 1 (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 July 25, 2017 (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. If there is any conflict or inconsistency between the terms of this letter and the terms of the Purchase Agreement, then the terms of the Purchase Agreement shall control. 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").

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 EIGHT HUNDRED FIFTY FIVE THOUSAND DOLLARS (\$855,000.00) (the "Purchase Price").

Buyer is to deposit into escrow Twenty-Five Thousand Dollars (\$25,000.00) as the "Initial Deposit" within three days from the date that you notify the Buyer that escrow has been opened. Buyer's Due Diligence Period expires on September 30, 2017 at which time the Initial Deposit shall become non-refundable unless Closing does not to occur due to Seller's default. Buyer has the right to extend the Closing for up to two successive thirty (30) day periods if Buyer deposits with Escrow an additional Twenty-Five Thousand Dollars (\$25,000.00) for each extension.

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 in favor of Buyer (executed and acknowledged by Seller);
2. One (1) Owner's Affidavit from Seller.
3. 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 Initial Deposit (and any additional subsequent deposits), and the total amount of the Purchase Price (the "Funds"). The total Deposit is an advance against payment of the Purchase Price for Property.

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");

C. Escrow Holder has returned to Michael J. Kiely, on behalf of Buyer and Bill Sinclair, 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;

D. 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;

E. 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 (or in Buyer's discretion an ALTA Owner's Policy in standard or extended form), with coverage in the amount of EIGHT HUNDRED FIFTY FIVE THOUSAND DOLLARS (\$855,000.00), insuring free and clear fee simple title to the Property is vested in Buyer and with any additional endorsements selected by Buyer (the "Owner's Policy"); and

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

I. 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:

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

H. Attach the legal description of the Property to the documents as applicable;

I. 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;

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

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

1. Grant Deed from Seller 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;

A. Issue the Owner's Policy;

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

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

1. Deliver a conformed copy of the Grant Deed and any other documents where originals are not available to: The Redevelopment Agency Successor Agency, Real Estate Services, 915 I Street, 2nd Floor, Sacramento CA 95814, on behalf of Seller; and

2. Deliver a conformed copy of the recorded Grant Deed, the Owner's Policy, and any other documents where originals are not available to: Michael J. Kiely on behalf of Buyer.

III. Closing Costs.

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

IV. Time for Close of Escrow.

Subject to any right of Buyer or Seller to extend the Closing Date, Escrow Holder is to close the Escrow on the "Closing Date" which shall be the earliest date on which Escrow Holder is able to comply with all of the conditions and requirements of the escrow instructions for the parties, but in any event on or before 5:00 p.m. Pacific Time on November 14, 2017 (provided that Buyer and Seller must agree in writing to close the Escrow any earlier than November 14, 2017). However, Buyer has the option to extend the Closing Date for up to two successive thirty (30) day periods by notifying Seller and Escrow Holder and depositing additional money into Escrow. In the event that the Escrow is not consummated on or before January 16, 2018, you are directed to request further instructions from Bill Sinclair, on behalf of Seller, and Michael J. Kiely, on behalf of Buyer, prior to closing the Escrow or terminating the Escrow.

V. Permitted Title Insurance Exceptions.

Buyer hereby agrees to permit the following exceptions to the CLTA owner's title insurance:

As listed in the Proforma Preliminary Title Report No. 01000106-010 dated March 23, 2017 as amended on June 2, 2017 (APN 015-0181-051):

Items 1 thru 5 paid current, and item 8

As listed in the Proforma Preliminary Title Report No. 01000106-010 dated March 24, 2017 (APN 014-0222-067 and 068):

Items 1 thru 7 paid current

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,

College Town International, LLC

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

Very truly yours,

John Dangberg
Assistant City Manager

Attachment: Purchase and Sale Agreement and Joint Escrow Instructions

ACCEPTANCE BY ESCROW HOLDER

On behalf of Fidelity National Title Company, Escrow Holder 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 Redevelopment Agency Successor Agency, as Seller, and College Town International, 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: _____, 2017

Fidelity National Title Company,
a _____ corporation

By: _____

Name: _____

Title: _____

EXHIBIT 3

RASA TO BUYER GRANT DEED FORM

**RECORDING REQUESTED BY
AND FOR THE BENEFIT OF THE
REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

**NO FEE DOCUMENT
Government Code Section 6103**

WHEN RECORDED MAIL TO:

(Space Above for Recorder's

Use)

The Undersigned Grantor Declares:

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

MAIL TAX STATEMENTS TO:

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 College Town International, LLC, a Delaware 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, (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 _____, 2017.

GRANTOR:

REDEVELOPMENT AGENCY
SUCCESSOR AGENCY, a municipal
corporation

By: _____
John Dangberg
Assistant 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:

LOTS 968, 969, 970, 971 AND 972, AS SAID LOTS ARE SHOWN ON THAT MAP ENTITLED "WRIGHT AND KIMBROUGH UNIT NO. 21", RECORDED JULY 20, 1911, IN BOOK 12 OF MAPS, MAP NO. 31, OFFICIAL RECORDS OF SACRAMENTO CALIFORNIA, AS DESCRIBED ON CERTIFICATE OF COMPLIANCE RECORDED JULY 26, 1995, BOOK 19950726, PAGE 1376 OF OFFICIAL RECORDS

APN: 015-0181-051

PARCEL NO. 1:

All of Lots 27, 28 and 29 as shown on the "Plat of Tresch Tract", recorded in Book 14 of Maps, Map No. 58, and Lots 7818, 7819, 7820, 7821 and 7822 as shown on the "Plat of H. J. Goethe Company's Subdivision No. 78" recorded in Book 7 of Maps, Map No. 18 records of County of Sacramento Official Records, and more particularly described as Parcel 1 in that certain Certificate of Compliance for Lot Merger recorded December 23, 2003 in Book 20031223, Page 1325 of Official Records.

PARCEL NO. 2:

All of Lots 7815, 7816, 7817 as shown on the "Plat of H.J. Goethe Company's Subdivision No. 78", recorded in Book 7 of Maps, Map No. 18 of the County of Sacramento Official Records, and more particularly described as follows: as Parcel 1 in that Certificate of Compliance for Lot Merger recorded December 23, 2003 in Book 20031223, Page 1324 of Official Records.

APN: 014-0222-067, 014-0222-068

