



44933 Fern Avenue, Lancaster, CA 93534
Chair Elizabeth Brubaker, Vice Chairman Dr. David Vierra,
Board Member Edward Knudson, Board Member Jodie Shepherd-Troth,
Board Member Sandy Smith, Board Member Jim Vose,
Board Member John Walker

LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD REGULAR MEETING AGENDA

Tuesday

May 15, 2018

Meeting – **4:00 p.m.**

Council Chambers – Lancaster City Hall

The City Clerk hereby declares the agenda was posted
by 5:00 p.m. on Friday, May 11, 2018
at the entrance to the Lancaster City Hall Council Chambers.

CALL TO ORDER

ROLL CALL

Board Members: Knudson, Shepherd-Troth, Smith, Vose, Walker; Vice Chairman Vierra; Chair Brubaker

PLEDGE OF ALLEGIANCE

AGENDA ITEMS TO BE REMOVED

Sometimes it is necessary to remove items from the agenda. We apologize for any inconvenience this may cause you.

PUBLIC BUSINESS FROM THE FLOOR - AGENDIZED ITEMS

Any person who would like to address the Lancaster Successor Agency Oversight Board on any agendized item is requested to complete a speaker card for the City Clerk and identify the agenda item you would like to discuss. Each person will be given an opportunity to address the Lancaster Successor Agency Oversight Board at the time such item is discussed. Speaker cards are available at the rear of the Council Chambers and your speaker card must be filled out **prior** to the agenda item being called. We respectfully request that you fill the cards out completely and print as clearly as possible. Following this procedure will allow for a smooth and timely process for the meeting and we appreciate your cooperation. ***Individual speakers are limited to three (3) minutes each.***

Consent Calendar items may be acted upon with one motion, a second and the vote. If you desire to speak on an item or items on the Consent Calendar, you may fill out one speaker card for the Consent Calendar. You will be given three minutes to address your concerns before the Lancaster Successor Agency Oversight Board takes action on the Consent Calendar.

**LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
REGULAR MEETING AGENDA
TUESDAY, MAY 15, 2018**

MINUTES

M 1. Adopt **Resolution No. OB 07-18**, approving the Lancaster Successor Agency Oversight Board Regular Meeting minutes of March 20, 2018.

NEW BUSINESS

NB 1. Sale of Land to AVMC, LLC

Recommendation:

Adopt **Resolution No. OB 08-18**, approving a purchase and sale agreement with AVMC, LLC for an 8-acre portion of APN 3125-009-904 and authorize the Executive Director or his designee to execute all related documents.

NB 2. Sale of Land to Fraber Properties II, LLC

Recommendation:

Adopt **Resolution No. OB 09-18**, approving a purchase and sale agreement with Fraber Properties II, LLC for the sale of APNs 3105-001-915 and 3105-001-916, comprising a 10.46-acre site in the Fox Field Industrial Corridor; and authorize the Executive Director, or his designee, to execute all related documents.

EXECUTIVE DIRECTOR ANNOUNCEMENT

CITY CLERK ANNOUNCEMENT

PUBLIC BUSINESS FROM THE FLOOR - NON-AGENDIZED ITEMS

This portion of the agenda allows an individual the opportunity to address the Lancaster Successor Agency Oversight Board on any item ***NOT ON THE AGENDA*** regarding Board business and speaker cards must be submitted ***prior*** to the beginning of this portion of the Agenda. Please complete a speaker card for the City Clerk and identify the subject you would like to address. We respectfully request that you fill the cards out completely and print as clearly as possible. Following this procedure will allow for a smooth and timely process for the Lancaster Successor Agency Oversight Board meeting and we appreciate your cooperation. State law prohibits the Lancaster Successor Agency Oversight Board from taking action on items not on the agenda and your matter will be referred to the Executive Director. ***Individual speakers are limited to three (3) minutes each.***

BOARD MEMBER COMMENTS

**LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
REGULAR MEETING AGENDA
TUESDAY, MAY 15, 2018**

ADJOURNMENT

Next Regular Meeting:

Tuesday, June 19, 2018 - 4:00 p.m.

MEETING ASSISTANCE INFORMATION

In compliance with the Americans with Disabilities Act, this meeting will be held at a location accessible to persons with disabilities; if you need special assistance to participate in this meeting, please contact the City Clerk at (661)723-6020. Services such as American Sign Language interpreters, a reader during the meeting, and/or large print copies of the agenda are available. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting/event you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the City Clerk at (661)723-6020.

AGENDA ADDENDUM INFORMATION

On occasion items may be added after the agenda has been mailed to subscribers. Copies of the agenda addendum item will be available at the City Clerk Department and are posted with the agenda on the windows of the City Council Chambers. For more information, please call the City Clerk Department at (661) 723-6020.

All documents available for public review are on file with the City Clerk Department.

M 1
05/15/18
MVB

**LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
MEETING MINUTES
March 20, 2018**

CALL TO ORDER

Chair Brubaker called the meeting to order at 4:13 p.m.

ROLL CALL

PRESENT: Board Members Knudson, Shepherd-Troth, Vose, Walker; Vice Chairman Vierra;
Chair Brubaker

ABSENT: Board Member Smith

STAFF

MEMBERS: City Manager, Finance Director, Deputy City Clerk, Economic Development Manager

PLEDGE OF ALLEGIANCE

Board Member Vose

AGENDA ITEMS TO BE REMOVED

None

M 1. MINUTES

Addressing the Board on this item:

Roger Schaefer – Came to learn about local government and discussed the process for Resolutions.

On a motion by Board Member Shepherd-Troth and seconded by Board Member Walker, the Lancaster Successor Agency Oversight Board adopted **Resolution No. OB 05-18**, approving the Lancaster Successor Agency Oversight Board Regular Meeting minutes of January 16, 2018, by the following vote: 5-0-1-1; **AYES:** Knudson, Shepherd-Troth, Walker, Vierra, Brubaker; **NOES:** None; **ABSTAIN:** Vose; **ABSENT:** Smith

LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
MEETING MINUTES
MARCH 20, 2018

NB 1. SALE OF LAND – APN 3128-003-908

The Economic Development Manager presented the staff report for this item.

Addressing the Board on this item:

Roger Schaefer – Discussed the Executive Director or designee; what happens to the money when the land is sold and if the City made money on this investment.

On a motion by Board Member Knudson and seconded by Board Member Vierra, the Lancaster Successor Agency Oversight Board adopted **Resolution No. OB 06-18**, approving the purchase and sale agreement for APN 3128-003-908, a vacant parcel locate on the east side of 10th Street West north of Avenue K-8; and authorized the Executive Director or his designee to execute all related documents, by the following vote: 6-0-0-1; AYES: Knudson, Shepherd-Troth, Vose, Walker, Vierra, Brubaker; NOES: None; ABSTAIN: None; ABSENT: Smith

EXECUTIVE DIRECTOR ANNOUNCEMENT

The City Manager discussed Oversight Boards having an end date, identified July 1, 2018 as the end date for this Oversight Board, and indicated more details would be provided at the next meeting.

CITY CLERK ANNOUNCEMENT

The Deputy City Clerk provided the public with the procedure to address the Oversight Board regarding non-agendized item.

PUBLIC BUSINESS FROM THE FLOOR - *NON-AGENDIZED ITEMS*

Addressing the Board at this time:

Roger Schaefer – discussed the make-up of the Oversight Board and President Trump.

BOARD MEMBER COMMENTS

Board Member Knudson identified he was one of two representatives from the community colleges within Los Angeles County that have expressed interest in continuing with the 5th District Oversight Board, and that he reached out to Supervisor Barger to volunteer.

The City Manager stated having local residents continue to volunteer contributes to the success of Oversight Boards.

LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
MEETING MINUTES
MARCH 20, 2018

ADJOURNMENT

Chair Brubaker adjourned the meeting at 4:30 p.m. and stated the next regular meeting of the Lancaster Successor Agency Oversight Board will take place on Tuesday, April 17, 2018 at 4:00 p.m.

PASSED, APPROVED and ADOPTED this 15th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk/Board Secretary
Lancaster, CA

ELIZABETH BRUBAKER
Chair
Lancaster Successor Agency Oversight Board

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss
CITY OF LANCASTER }

CERTIFICATION OF MINUTES
LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD

I, _____, _____ of the City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Lancaster Successor Agency Oversight Board minutes, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, CA on this _____ day of _____, _____.

(seal)

RESOLUTION NO. OB 07-18

A RESOLUTION OF THE LANCASTER SUCCESSOR
AGENCY OVERSIGHT BOARD APPROVING THE
MEETING MINUTES OF MARCH 20, 2018

WHEREAS, Health and Safety Code Section 34179 (e) states all actions taken by an oversight board shall be approved by resolution.

NOW THEREFORE, BE IT RESOLVED by the Lancaster Successor Agency Oversight Board, as follows:

SECTION 1. The Lancaster Successor Agency Oversight Board approves the March 20, 2018 Meeting Minutes attached hereto.

SECTION 2. The Successor Agency shall maintain this Resolution on file as a public record.

PASSED, APPROVED and ADOPTED this 15th day of May, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
Lancaster, CA

ELIZABETH BRUBAKER
Chair
Lancaster Successor Agency Oversight Board

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. OB 07-18, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

STAFF REPORT
Lancaster Successor Agency Oversight Board

Date: May 15, 2018
To: Chair Brubaker and Board Members
From: Chenin Dow, Economic Development Manager of the City of Lancaster
Subject: **Sale of Land to AVMC, LLC**

NB 1
05/15/18
MVB

Recommendation:

Adopt **Resolution No. OB 08-18**, approving a purchase and sale agreement with AVMC, LLC for an 8-acre portion of APN 3125-009-904; and authorize the Executive Director, or his designee, to execute all related documents.

Fiscal Impact:

The property will be sold for \$2.10 per square foot, yielding \$731,808 for the 8-acre parcel. This amount reflects the appraised value of the property. As the property in question belongs to the Successor Agency to the former Lancaster Redevelopment Agency, these funds will be forwarded to Los Angeles County for disbursement to the affected taxing agencies.

Background:

As the new owner of Toyota of Lancaster in the Lancaster Auto Mall, AVMC, LLC sees tremendous potential for business growth in the Lancaster market. In order to achieve this growth, Toyota of Lancaster needs additional space.

The property in question was initially acquired by the Lancaster Redevelopment Agency for future growth of the Lancaster Auto Mall. Toyota of Lancaster has made an offer of appraised value for 8 acres of the existing 19-acre parcel, of which a new parcel will be created prior to the opening of escrow. Following the sale of the land, Toyota of Lancaster will construct a collision center as well as improvements for extra vehicle storage to serve the dealership.

To date, no other offers have been received on the property.

The proposed agreement not only liquidates an asset of the former Redevelopment Agency as directed by the State of California; it also facilitates the realization of the community's original vision for this area as an extension of the Auto Mall. The parcel's development will yield new jobs and increased tax revenues for the benefit of the citizens of Lancaster.

CD:te

Attachments:

Resolution No. OB 08-18

Purchase and Sale Agreement

Site Map

RESOLUTION NO. OB 08-18

A RESOLUTION OF THE LANCASTER SUCCESSOR AGENCY
OVERSIGHT BOARD APPROVING A PURCHASE AND SALE
AGREEMENT WITH AVMC, LLC FOR AN 8-ACRE PORTION
OF APN 3125-009-904

WHEREAS, Health and Safety Code Section 34179 (e) states all actions taken by an oversight board shall be approved by resolution; and

WHEREAS, the Oversight Board for the Successor Agency to the Lancaster Redevelopment Agency ("Oversight Board") previously approved a Long Range Property Management Plan (the "2013 LRPMP") as submitted by the Successor Agency to the Lancaster Redevelopment Agency (the "Successor Agency"); and

WHEREAS, the Successor Agency received comments from the California Department of Finance ("DOF") indicating that certain revisions were required to the 2013 LRPMP, following the receipt of which the Successor Agency prepared and submitted to the Oversight Board for its consideration a revised draft long range property management plan, in a form subsequently approved by the Oversight Board and, thereafter, DOF in 2015 (as so amended, the "2014 LRPMP"); and

WHEREAS, one of the properties described in the 2014 LRPMP is an approximately 8 acre portion of the area within the former Amargosa project area (which approximately 8 acre portion is referred to herein as the "Property"). The Successor Agency has received an offer by a private entity, AVMC LLC, a California limited liability company (the "Buyer") to purchase the Property for a price of Seven Hundred Thirty One Thousand Eight Hundred Eight Dollars (\$731,808.00) (the "Purchase Price") under those terms and conditions set forth in that certain draft instrument entitled "Purchase and Sale Agreement and Joint Escrow Instructions" in the form submitted herewith (the "Purchase and Sale Agreement"). The Purchase and Sale Agreement constitutes an offer by the Buyer to purchase the Property; and

WHEREAS, the Purchase and Sale Agreement has been negotiated at arm's length and the Purchase Price, having been arrived at following an extended marketing period, is similar to sales prices realized for nearby properties and represents the fair value of the Property; and

WHEREAS, the Successor Agency has approved the sale of the Property under the Purchase and Sale Agreement, subject to the approval by the Oversight Board; and

WHEREAS, in the event the sale of the Property is accomplished under the Purchase and Sale Agreement, the proceeds of sale, net of costs, will be available to be factored out ratably among taxing agencies after current payments are made on enforceable obligations as approved on the redevelopment obligation payment schedule ("ROPS"); and

WHEREAS, while the 2014 LRPMP provided for the possibility of acquisition of the Property by the City of Lancaster (the "City") for the promotion of future economic development opportunities, or, alternatively, in the event the Successor Agency were to find a private buyer, the Successor Agency would bring to the Oversight Board for consideration a sale to such private buyer. The Successor Agency has been able to locate a private purchaser of the Property which will generate revenues available to taxing agencies upon the successful implementation of the Purchase and Sale Agreement. Consequently, the proposed sale under the Purchase and Sale Agreement does not implicate acquisition by the City for future redevelopment activities (as that terminology is used in subsection (f)(1) of Section 34180 of the California Health & Safety Code) and no compensation agreements will be required to be entered into, now or in the future, by the Successor Agency or City related to the Property; and

WHEREAS, by this Resolution, the Oversight Board desires to approve the Purchase and Sale Agreement and the implementation thereof;

NOW THEREFORE, BE IT RESOLVED by the Lancaster Successor Agency Oversight Board, as follows:

SECTION 1. The Oversight Board finds and determines that the foregoing recitals are true and correct. In particular, the Oversight Board specifically finds that (i) the disposition of the Property as described in the foregoing portion of this Resolution is consistent with and in furtherance of the 2014 LRPMP; (ii) the disposition of the Property as described above is not a transfer to the City for future redevelopment activities and (iii) under each of the bases set forth in the foregoing portion of this Section 1 (namely, (i) and (ii), respectively, each independently effective), neither the Successor Agency nor the City shall be required to enter into compensation agreements with taxing entities with respect to the Property; rather the Successor Agency will make available for the benefit of taxing agencies the net proceeds of sale, after covering costs, from the sale of the Property under the Purchase and sale Agreement. The Oversight Board further finds and determines that the Purchase Price represents the fair value of the Property.

SECTION 2. The Oversight Board approves and consents to the transfer by deed or other means of the Property by the Successor Agency to the Buyer under the Purchase and Sale Agreement. Any of the Chair, the Vice Chair, or any member of the Oversight Board, or the chief executive officer for the Oversight Board, is hereby authorized and directed to execute a grant deed to effect the conveyance of the Property to the Buyer under the Purchase and Sale Agreement. The Oversight Board further approves inclusion of transaction costs relating to the Property as these are referenced in the accompanying staff report, related to the conveyance of the Property.

SECTION 3. The Successor Agency shall maintain on file as a public record this Resolution on behalf of the Oversight Board.

PASSED, APPROVED, AND ADOPTED this the 15th day of May, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
Lancaster, CA

ELIZABETH BRUBAKER
Chair
Lancaster Successor Agency Oversight Board

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD

I, _____, _____ City of Lancaster, CA,
do hereby certify that this is a true and correct copy of the original Resolution No. OB 08-18, for
which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day
of _____, _____.

(seal)

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

SELLER: Successor Agency to the Lancaster
Redevelopment Agency

BUYER: City of Lancaster

DATED: _____, 2018

(APN: 3128-003-908)

BASIC TERMS

Buyer: City of Lancaster, a municipal corporation

Buyer's Address: 44933 N. Fern Avenue
Lancaster, California 93534
Attention: Jason Caudle
Tel.: (661) 723-6010
Email: jcaudle@cityoflancasterca.org

Closing Date (or Closing) Estimated to occur by thirty (30) calendar days after the Effective Date, but not later than the Outside Date

Grant Deed: A grant deed in the form of Exhibit B hereto

Effective Date: _____, 2018 [the date as of which this Agreement has been signed by representatives of both parties]

Escrow Holder: Chicago Title Company
1058 West Avenue M-14, Suite C
Palmdale, CA 93551
Attention: Susie George, Escrow Manager
Direct: (661) 273-0200; email: SGeorge@ctt.com
(or another escrow holder mutually acceptable to Buyer and Seller)

Independent
Consideration Amount: One Hundred Dollars (\$100.00)

Outside Date: Sixty (60) calendar days after the Effective Date; provided that such date may be extended with the written approval of Buyer and Seller, each acting at its discretion, which each acting through the Executive Director or City Manager, as applicable

Purchase Price: Seven Hundred Seventy-Seven Thousand Five Hundred and Forty-Six Dollars (\$777,546)

Real Property: That property described in Exhibit A hereto; the subject property is sometimes referred to as APN 3128-003-908

Seller: Successor Agency to the Lancaster Redevelopment Agency

Seller's Address: 44933 N. Fern Avenue
Lancaster, California 93534
Attention: Jason Caudle
Tel.: (661) 723-6165
Email: jcaudle@cityoflancasterca.org

Title Company: Chicago Title Company
1058 West Avenue M-14, Suite C

Palmdale, CA 93551
Attention: Susie George, Escrow Manager
Direct: (661) 273-0200; email: SGeorge@ctt.com
(or another escrow holder mutually acceptable to Buyer and Seller)

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

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of _____, 2018 (the “Effective Date”) by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of that real property which is legally described on Exhibit A attached hereto and made a part hereof (the “Real Property”).

B. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.

C. Buyer has agreed to pay to Seller the Independent Consideration Amount as more fully set forth herein.

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

1. Purchase and Sale. Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined as the fee interest in the Real Property to be conveyed by a grant deed in the form of the Grant Deed. There are no occupants of the Real Property.

2. Payment of Consideration. As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price for the Real Property. Upon payment of the Purchase Price to Seller, the disposition of such moneys by Seller is a matter with which Buyer is not concerned.

3. Escrow and Independent Consideration.

(a) Opening of Escrow. For the purposes of this Agreement, 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. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no such instruments shall extinguish any obligations imposed by this

Agreement or any other agreement between Seller and Buyer. At the election of Buyer, the conveyance of the Real Property may be accomplished without use of an Escrow.

(b) Independent Consideration. (i) Within two (2) days after the Effective Date, Buyer shall pay to Seller the Independent Consideration Amount to be retained by Seller as non-refundable independent consideration but applicable to the Purchase Price. The Independent Consideration Amount has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement and Buyer holding the Real Property off the market for a period commencing as of the Effective Date and continuing until the Outside Date and for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement under the circumstances provided for herein. Notwithstanding anything to the contrary contained in this Agreement, the Independent Consideration Amount shall be non-refundable in all events, except for (i) Seller's default hereunder, (ii) the failure of the Oversight Board of the Successor Agency to the Lancaster Redevelopment Agency (the "Oversight Board") to approve the sale of the Real Property as provided under this Agreement, and (iii) actions by the California Department of Finance ("DOF") which prevent the disposition of the Real Property to Buyer as provided under this Agreement. If the Closing occurs, a credit shall be applied to the Purchase Price based upon payment of the Independent Consideration Amount.

(c) Closing. For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Grant Deed is recorded among the official land records of the County Recorder of the County of Los Angeles (the "Official Records"). Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. The parties acknowledge that, if conditions precedent have been satisfied pursuant to Sections 6 and 7 of this Agreement prior to the Outside Date, the parties may proceed to a Closing that occurs prior to the Outside Date. If the Closing has not, for any reason, occurred by the Outside Date, then either Buyer or Seller may extend the time for the Closing or terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party. Notwithstanding the foregoing portion of this Section 3, if the Closing occurs prior to delivery of a termination notice by either party, then neither party shall have the right to terminate this Agreement pursuant to this Section 3(c).

4. [Reserved].

5. No Warranties as to Real Property. The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an "as is" condition, with no warranty expressed or implied by Seller. In addition, Seller makes no representations, warranties or assurances concerning the Real Property, its suitability for any particular use or with regard to the approval process for entitlements as to the Real Property.

6. Buyer's Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer's obligation to consummate the purchase of the Real Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "Buyer's Contingencies"), which are for Buyer's benefit only.

(i) Title Review. Within ten (10) calendar days after the Opening of Escrow, but in no event later than the sixtieth (60th) day after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the "Report") describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the "Exceptions") set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Buyer's Title Policy shall include an endorsement against the effect of any mechanics' liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. Prior to Closing, Buyer shall have approved in writing, in Buyer's sole discretion, any matters of title disclosed by the following (collectively, the "Title Documents"): (i) the Report; (ii) the Exceptions; and (iii) the legal description of the Real Property. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages, delinquent taxes and other monetary liens (but not the lien for any real property taxes or assessments not yet delinquent). The provisions of this subsection (i) are for Buyer's benefit and may be waived by Buyer.

(ii) Buyer's Title Policy. On or before the Closing, the Title Company shall, upon payment (by Seller) of the Title Company's premium, have agreed to issue to Buyer, a standard ALTA owner's policy of title insurance ("Buyer's Title Policy") in the amount of the greater of (i) the Purchase Price or (ii) such larger amount with respect to which the Title Company agrees to deliver its policy of title insurance (but not more than the appraised value of the Real Property) showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a standard ALTA policy (such as an owner's extended coverage ALTA policy); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage. The requirement for a Buyer's Title Policy is solely for the benefit of Buyer; Buyer may, at its option, waive the requirement of a Buyer's Title Policy as a condition of closing.

(iii) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(iv) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(v) Natural Hazard Report. Seller shall cause the Escrow Holder to provide to Buyer prior to closing the Natural Hazard Report described at Section 8(a)(iii) of this Agreement; provided that Seller shall bear the cost to prepare such Natural Hazard Report (the cost of which, if not paid in cash by Seller, shall be defrayed using a portion of the Purchase Price).

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

(vii) Oversight Board and DOF Approval. The Oversight Board and, if required as a condition of the issuance of title insurance or by either party hereto, approval by DOF, shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement or the parties, acting through their respective chief executive officers, elect to so proceed.

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

(b) Termination Right. Each of (i) and (ii) shall operate independently and each shall entitle Seller to terminate this Agreement, as follows:

(i) If the Independent Consideration Amount is not paid by Buyer to Seller by the Initial by the time set forth therefor in Section 3(b)(i) of this Agreement, then this Agreement shall terminate upon Seller giving notice thereof to Buyer;

(ii) If any of Buyer's Contingencies are not met by the Outside Date, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement.

If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If the Agreement has not been terminated pursuant to (i) or (ii) of this Section 6(b) and Buyer has not terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(i)-(xi) inclusive, prior to the Termination Notice Deadline, such Buyer's Contingencies shall be deemed to have been satisfied.

If this Agreement is terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees.

(c) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of

the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

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

(d) Termination Right. Should any of Buyer's Contingencies not be met by the Outside Date, or if the Independent Consideration has not been delivered by Buyer to Seller by the time set forth therefor in Section 3(b), and Seller so informs Buyer, Buyer may, by written notice to Seller, terminate this Agreement. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If Buyer has not terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms.

(e) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

7. Seller's Conditions Precedent and Termination Right. The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) Completion of Title Review. Seller shall have received written confirmation from Buyer on or before Closing that Buyer has completed its review of title and that the condition of title satisfactory.

(b) Oversight Board and DOF Approval. The approval by the Oversight Board and DOF shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement unless the Title Company determines that such approval is not required in order for

the Title Company to insure title or the parties, acting through their respective chief executive officers, elect to so proceed.

(c) Delivery of Documents. Buyer's delivery of all documents described in Section 9(a), below.

Should any of Buyer's Contingencies not be met by the Outside Date and Buyer has so informed Seller, Seller may, by written notice to Buyer, terminate this Agreement. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

8. Seller's Deliveries to Escrow Holder. The following provisions of this Section 8 pertain to the conduct of an escrow.

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

(i) Deed. The Grant Deed.

(ii) FIRPTA/Tax Exemption Forms. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit C (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").

(iii) Hazard Disclosure Report. Unless earlier delivered to Buyer, Seller shall cause Escrow Holder to obtain and deliver to Buyer, at Seller's cost, a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") before the Closing.

(iv) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.

(v) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

(b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Escrow, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

9. Buyer's Deliveries to Escrow. At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(a) Purchase Price. The Purchase Price, less the Independent Consideration theretofore paid to Seller, and such additional funds as are necessary to pay Buyer's closing costs set forth in Section 10(b) herein. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) Change of Ownership Report. One (1) original Preliminary Change of Ownership Report.

(c) Final Escrow Instructions. Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(d) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(e) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. Costs and Expenses.

(a) Seller's Costs. If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; (iii) the premium for the Buyer's Title Policy; (iv) documentary transfer taxes, if any (Escrow Holder being authorized by Buyer and Seller to determine such amount); and (v) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) Buyer's Costs. If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) the Escrow Holder's fee; (ii) Buyer's share of prorations, (iii) in the event Buyer elects to obtain an owner's extended coverage ALTA policy of title insurance, the excess premium for such policy (over the cost of a typical ALTA owner's policy that is not an extended coverage policy) and the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (iv) costs, if any, for such services as Buyer may additionally request that Escrow perform on its behalf; and (v) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts").

(c) Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby.

11. Prorations; Withholding. All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

12. Closing Procedure. When the Title Company is unconditionally prepared (subject to payment of the premium therefor) to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) Recording. Escrow Holder shall cause the Grant Deed to be recorded among the Official Records and obtain conformed copies thereof for distribution to Buyer and Seller. Alternatively, the in event Buyer elects to not utilize an escrow holder, Seller shall cause the Grant Deed to recorded among Official Records.

(b) Disburse Funds. Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (as provided herein) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions).

(c) Documents to Seller. Escrow Holder shall deliver to Seller a conformed copy of the Grant Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the Official Records, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) Documents to Buyer. Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of the Grant Deed as duly recorded among the Official Records, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) Title Company. Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Closing Statement. Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

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

(h) Possession. Possession of the Real Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing:

(i) Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, having obtained the approval of the Oversight Board; provided that such authority may be subject to review by the California Department of Finance.

(ii) Subject to the approval, to the extent (if any) as may be applicable, of the California Department of Finance, all requisite action has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval to the extent (if any) as may be applicable, of the California Department of Finance, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best of Seller's knowledge, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, 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), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

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

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. General Provisions.

(a) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) No Brokers. Neither Seller nor Buyer has retained any brokers or finders in connection with the purchase and sale of the Real Property.

(d) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(e) Remedies. Without limitation as to the availability of other remedies, this Agreement may be enforced by an action for specific enforcement.

(f) Time. Time is of the essence of every provision herein contained. 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. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

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

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

(i) No Third Party Beneficiaries. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

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

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

(l) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(m) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(n) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(o) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

“SELLER”

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public entity, corporate and politic

By: _____
Mark V. Bozigian
Executive Director

“BUYER”

CITY OF LANCASTER, a municipal corporation

By: _____
Mark V. Bozigian
City Manager

Acceptance by Escrow Holder:

_____ hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic (“Seller”), and City of Lancaster (“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.

Dated: _____, 2018

By: _____

Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

[to come]

APN: 3128-003-908

EXHIBIT B

DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

City of Lancaster
44933 N. Fern Avenue
Lancaster, CA 93534
Attn: Jason Caudle, Deputy City
Manager

APN: 3128-003-908

[Space above for recorder.]

DOCUMENTARY TRANSFER TAX

\$ _____
_____ computed on the consideration or value of
property conveyed; OR
_____ computed on the consideration or value less
liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm
Name

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic (“Grantor”), hereby grants to the City of Lancaster, a municipal corporation (“Grantee”) that certain real property located in the County of Los Angeles, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the “Property”), subject to existing easements, restrictions and covenants of record. The grant of title is subject to the provisions of that certain unrecorded agreement entitled “Purchase and Sale Agreement” by and between Grantor and Grantee dated as of _____, 2018; a copy of the Purchase and Sale Agreement is on file with the Grantee as a public record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 2018.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

By: _____
Name: Mark V. Bozigian
Its: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

[to come]

APN: 3128-003-908

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property, if any, conveyed under the foregoing Grant Deed by the Successor Agency to the Lancaster Redevelopment Agency as to the following property:

Real property in the City of Lancaster, County of Los Angeles, State of California, described as follows:

[to come]

APN: 3128-003-908

is hereby accepted by the City Manager of the City of Lancaster on behalf of the City of Lancaster pursuant to authority conferred by Resolution No. _____ of the City Council of the City of Lancaster adopted on _____, _____, and the Grantee consents to recordation thereof by its duly authorized officer.

CITY OF LANCASTER

By: _____
Mark V. Bozigian, City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer

Title(s)

- Partner(s) Limited General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer

Title(s)

- Partner(s) Limited General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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- Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS

To inform City of Lancaster ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("Code") will not be required upon the transfer of certain real property to the Transferee by the Successor Agency to the Lancaster Redevelopment Agency ("Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder). Seller is a tax exempt entity and is exempt from withholding;

2. The Transferor's social security number or U.S. employer identification number is as follows: _____.

3. The Transferor's home or office address is:

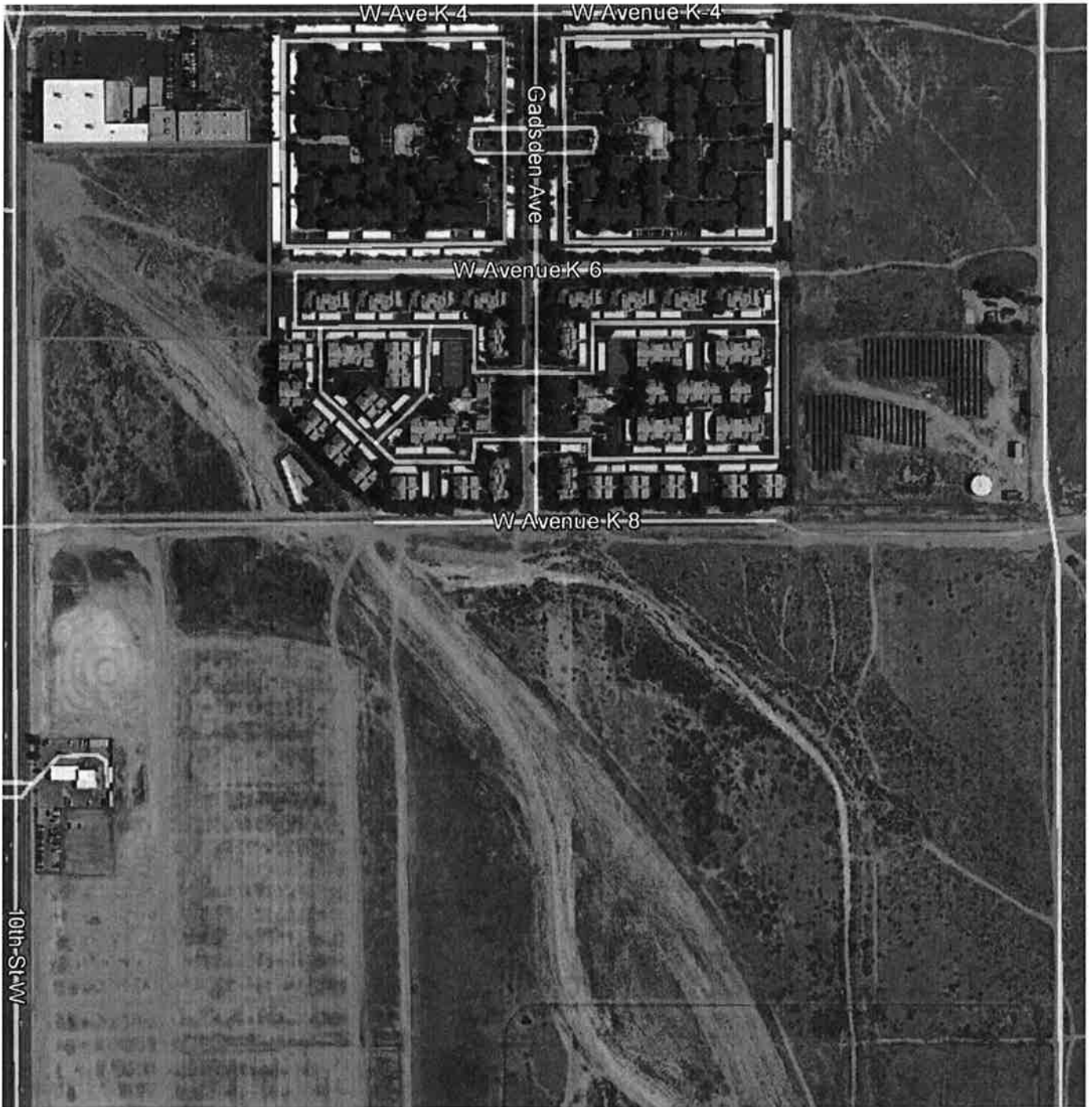
44933 Fern Avenue
Lancaster, California 93534

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

Successor Agency to the Lancaster
Redevelopment Agency

SITE MAP

APN 3128-003-908



STAFF REPORT
Lancaster Successor Agency Oversight Board

Date: March 20, 2018
To: Chair Brubaker and Board Members
From: Chenin Dow, Economic Development Manager of the City of Lancaster
Subject: **Sale of Land to Fraber Properties II, LLC**

NB 2
05/15/18
MVB

Recommendation:

Adopt **Resolution No. OB 09-18**, approving a purchase and sale agreement with Fraber Properties II, LLC for the sale of APNs 3105-001-915 and 3105-001-916, comprising a 10.46-acre site in the Fox Field Industrial Corridor; and authorize the Executive Director, or his designee, to execute all related documents.

Fiscal Impact:

The property will be sold for \$865,000, or approximately \$1.90 per square foot for the 10.46-acre parcel. This amount reflects the appraised value of the property. The Successor Agency's share of transactional costs (as seller of the property) will be paid from a portion of the purchase price.

As the property in question belongs to the Successor Agency to the former Lancaster Redevelopment Agency, proceeds from the sale will be forwarded to Los Angeles County for disbursement to the affected taxing agencies.

Background:

In 2014, the State of California's Department of Finance (DOF) approved the City of Lancaster's Long-Range Property Management Plan (LRPMP), designating the disposition plans for real estate assets owned by the former Lancaster Redevelopment Agency. Staff has received an offer for the purchase of two of these parcels, APNs 3105-001-915 and 3105-001-916. Together, these parcels comprise a 10.46-acre site located on the northeast corner of 47th Street West and Avenue G in the Fox Field Industrial Corridor.

The offer from Fraber Properties II, LLC is for \$865,000 (\$1.90 per square foot), the full appraised value of the property. The only other offer received for this property to date was for \$1 per square foot, or \$455,638.

The LRPMP provided that the property could be purchased by the City of Lancaster for future economic development purposes; however, it also provided that if the City were to determine not to retain it for future development, any sale would be brought back to the Oversight Board for approval. Thus, staff recommends approval of the proposed purchase and sale agreement to benefit the taxing entities.

CD:te

Attachments:

Resolution No. OB 09-18

Purchase and Sale Agreement

Site Map

RESOLUTION NO. OB 09-18

A RESOLUTION OF THE LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD APPROVING A PURCHASE AND SALE AGREEMENT WITH FRABER PROPERTIES II, LLC FOR THE SALE OF APNS 3105-001-915 AND 3105-001-916, COMPRISING A 10.46-ACRE SITE IN THE FOX FIELD INDUSTRIAL CORRIDOR

WHEREAS, Health and Safety Code Section 34179 (e) states all actions taken by an oversight board shall be approved by resolution; and

WHEREAS, the Oversight Board for the Successor Agency to the Lancaster Redevelopment Agency (“Oversight Board”) previously approved a Long Range Property Management Plan (the “2013 LRPMP”) as submitted by the Successor Agency to the Lancaster Redevelopment Agency (the “Successor Agency”); and

WHEREAS, the Successor Agency received comments from the California Department of Finance (“DOF”) indicating that certain revisions were required to the 2013 LRPMP, following the receipt of which the Successor Agency prepared and submitted to the Oversight Board for its consideration a revised draft long range property management plan, in a form subsequently approved by the Oversight Board and, thereafter, DOF in 2015 (as so amended, the “2014 LRPMP”); and

WHEREAS, two of the properties described in the 2014 LRPMP are: (i) an approximately 3.61 acre portion of the area subject to the Fox Field Specific Plan (which approximately 3.61 acre portion is referred to herein as the “Parcel One”) and (ii) an approximately 6.85 acre portion of the area subject to the Fox Field Specific Plan (which approximately 6.85 acre portion is referred to herein as the “Parcel Two” and, together with Parcel One, the “Property”). The Successor Agency has received an offer by a private entity, Fraber Properties II, LLC (the “Buyer”) to purchase the Property for a price of Seven Hundred Ninety-Seven Thousand Three Hundred Sixty-Six Dollars (\$797,366.00) (the “Purchase Price”) under those terms and conditions set forth in that certain draft instrument entitled “Purchase and Sale Agreement and Joint Escrow Instructions” in the form submitted herewith (the “Purchase and Sale Agreement”). The Purchase and Sale Agreement constitutes an offer by the Buyer to purchase the Property; and

WHEREAS, the Purchase and Sale Agreement has been negotiated at arm’s length and the Purchase Price, having been arrived at following an extended marketing period, is similar to sales prices realized for nearby properties and represents the fair value of the Property; and

WHEREAS, the Successor Agency has approved the sale of the Property under the Purchase and Sale Agreement, subject to the approval by the Oversight Board; and

WHEREAS, in the event the sale of the Property is accomplished under the Purchase and Sale Agreement, the proceeds of sale, net of costs, will be available to be factored out ratably among taxing agencies after current payments are made on enforceable obligations as approved on the redevelopment obligation payment schedule (“ROPS”); and

WHEREAS, while the 2014 LRPMP provided for the possibility of acquisition of the Property by the City of Lancaster (the "City") for the promotion of future economic development opportunities, the Successor Agency has, instead, been able to locate a private purchaser of the Property which will generate revenues available to taxing agencies upon the successful implementation of the Purchase and Sale Agreement. Consequently, the proposed sale under the Purchase and Sale Agreement does not implicate acquisition by the City for future redevelopment activities (as that terminology is used in subsection (f)(1) of Section 34180 of the California Health & Safety Code) and no compensation agreements will be required to be entered into, now or in the future, by the Successor Agency or City related to the Property; and

WHEREAS, by this Resolution, the Oversight Board desires to approve the Purchase and Sale Agreement and the implementation thereof;

NOW THEREFORE, BE IT RESOLVED by the Lancaster Successor Agency Oversight Board, as follows:

SECTION 1. The Oversight Board finds and determines that the foregoing recitals are true and correct. In particular, the Oversight Board specifically finds that (i) the disposition of the Property as described in the foregoing portion of this Resolution is consistent with and in furtherance of the 2014 LRPMP; (ii) the disposition of the Property as described above is not a transfer to the City for future redevelopment activities and (iii) under each of the bases set forth in the foregoing portion of this Section 1 (namely, (i) and (ii), respectively, each independently effective), neither the Successor Agency nor the City shall be required to enter into compensation agreements with taxing entities with respect to the Property; rather the Successor Agency will make available for the benefit of taxing agencies the net proceeds of sale, after covering costs, from the sale of the Property under the Purchase and sale Agreement. The Oversight Board further finds and determines that the Purchase Price represents the fair value of the Property.

SECTION 2. The Oversight Board approves and consents to the transfer by deed or other means of the Property by the Successor Agency to the Buyer under the Purchase and Sale Agreement. Any of the Chair, the Vice Chair, or any member of the Oversight Board, or the chief executive officer for the Oversight Board, is hereby authorized and directed to execute a grant deed to effect the conveyance of the Property to the Buyer under the Purchase and Sale Agreement. The Oversight Board further approves inclusion of transaction costs relating to the Property as these are referenced in the accompanying staff report, related to the conveyance of the Property.

SECTION 3. The Successor Agency shall maintain on file as a public record this Resolution on behalf of the Oversight Board.

PASSED, APPROVED, AND ADOPTED this the 15th day of May, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
Lancaster, CA

ELIZABETH BRUBAKER
Chair
Lancaster Successor Agency Oversight Board

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss
CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION
LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD

I, _____, _____ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. OB 09-18, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

SELLER: Successor Agency to the Lancaster
Redevelopment Agency

BUYER: Fraber Properties II, LLC

DATED: May 8, 2018

(Approximately 10.46 acres in area subject to the Fox Field Specific Plan)

BASIC TERMS

Buyer: Fraber Properties II, a limited liability company

Buyer's Address: Fraber Properties II, LLC
44824 Cedar Avenue
Lancaster, California 93534
Attention: Frank Visco
(direct: 661-945-3494; email: frank@viscofinancial.com)

City: The City of Lancaster

Closing Contingency Date: August 6, 2018

Closing Date (or Closing) Estimated to occur by August 6, 2018, but not later than the Outside Date

Commission Amount: Seventeen Thousand Three Hundred Dollars (\$17,300.00)

Deed: A grant deed in the form of Exhibit B hereto

Effective Date: May 8, 2018

Escrow Holder: First American Title Company
42220 10th Street West, #108
Lancaster, California 91761
Attention: Marnie Kennedy, Senior Escrow Officer/Branch Manager
(direct: (661) 206-3415; email: mkenedy@firstam.com)

Independent Consideration Amount: Five Hundred Dollars (\$500.00)

Outside Date: September 4, 2018; provided that such date may be extended with the prior written approval of Buyer and Seller, each acting in its discretion

Purchase Price: Eight Hundred Sixty-Five Thousand Dollars (\$865,000.00)

Real Property: That property described in Exhibit A hereto; the subject property is sometimes referred to as APN(s) 3105-001-915 and 3105-001-916

Seller: Successor Agency to the Lancaster Redevelopment Agency

Seller's Address: 44933 N. Fern Avenue
Lancaster, California 93534
Attention: Chenin Dow
Tel. (661) 723-6165
Fax: (661) 723-6141
Email: cdow@cityoflancaster.org

Soil and Title Contingency
Date: June 12, 2018

Title Company: First American Title Company
42220 10th Street West, Suite 108
Lancaster, California 91761
Attention: Steve DeGrandis, Senior Title Officer
(direct: (661) 206-3421; email: sdegrandis@firstam.com)

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

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of May 8, 2018 (the “Effective Date”) by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of the Real Property. The Real Property is unimproved.

B. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.

C. In addition to the Purchase Price, material considerations to Seller in agreeing to enter into this Agreement, Buyer has agreed to pay to Seller the Independent Consideration Amount as more fully set forth herein.

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

1. **Purchase and Sale.** Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined collectively as the following: The fee interest in the Real Property to be conveyed by a grant deed in the form of the Deed.

2. **Payment of Consideration.** As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price for the Real Property. Upon receipt of the Purchase Price (less any adjustments made to clear liens and to defray Seller’s costs of sale including, but not limited to, the preparation of legal documents and costs incurred by the City of Lancaster or Seller to validate the purchase price and the Seller’s share of closing costs), Seller may use such moneys for any purpose of its choosing.

3. **Escrow and Independent Consideration.**

(a) **Opening of Escrow.** For the purposes of this Agreement, 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. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the

generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Seller and Buyer.

(b) **Independent Consideration.** (i) Within two (2) days after the Effective Date, Buyer shall pay to Seller the Independent Consideration Amount to be retained by Seller as non-refundable independent consideration but applicable to the Purchase Price. The Independent Consideration Amount has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement and Buyer holding the Real Property off the market for a period commencing as of the Effective Date and continuing until the Outside Date and for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement under the circumstances provided for herein. Notwithstanding anything to the contrary contained in this Agreement, the Independent Consideration Amount shall be non-refundable in all events, except for (i) Seller's default hereunder, (ii) the failure of the Oversight Board of the Successor Agency to the Lancaster Redevelopment Agency (the "Oversight Board") to approve the sale of the Real Property as provided under this Agreement, and (iii) actions by the California Department of Finance ("DOF") which prevent the disposition of the Real Property to Buyer as provided under this Agreement. If the Closing occurs, a credit shall be applied to the Purchase Price based upon payment of the Independent Consideration Amount.

(ii) **Closing.** For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Deed (as defined below) is recorded pursuant to applicable law in the county in which the Real Property is located. Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. **Seller's Delivery of Real Property and Formation Documents.** Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, the "Property Documents"):

(a) Such proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company consistent with the terms of this Agreement, including without limitation approval of the Oversight Board of the sale of the Real Property by Seller to Buyer or evidence that such approval is not necessary.

In addition, Seller shall cause Escrow Holder to obtain and deliver to Buyer a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") on or before the Soil and Title Contingency Date.

5. **Buyer's Right of Entry.** From and after the Opening of Escrow through the earlier to occur of the termination of this Agreement or the Soil and Title Contingency Date, or as otherwise agreed in writing by Seller prior to entry is effected, Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Real Property during normal business hours, provided reasonable prior notice has been given to Seller.

(a) **Investigation of the Real Property.** In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, prior to the Soil and Title Contingency Date, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations as Buyer deems necessary or appropriate, including any "Phase 1" or "Phase 2" investigations of the Real Property. If, based upon such evaluation, inspections, tests or investigation, Buyer determines that it, in its discretion, does not wish to proceed with purchase of the Real Property based upon the condition of the Real Property, Buyer may cancel this Agreement by giving written notice of termination to Seller on or before the Soil and Title Contingency Date which specifically references this Section 5. If Buyer does not cancel this Agreement by the time allowed under this Section 5, Buyer shall be deemed to have approved the evaluation, inspections and tests as provided herein and to have elected to proceed with this transaction on the terms and conditions of this Agreement. Buyer shall provide a copy to Seller of all reports and test results provided by Buyer's Environmental Consultant promptly after receipt by the Buyer of any such reports and test results without any representation or warranty as to their accuracy or completeness.

Buyer shall bear all costs, if any, associated with restoring the Real Property to the condition prior to its testing by or on behalf of Buyer if requested to so do by Seller. Buyer is a sophisticated party and is familiar with the acquisition and use of property, including for commercial uses.

Buyer shall bear all costs, if any, associated with restoring the Real Property to substantially the same condition prior to its testing by or on behalf of Buyer if requested to so do by Seller but excluding any latent defects or Hazardous Materials (as defined below) discovered by Buyer during its investigation of the Real Property. Buyer agrees to indemnify, protect, defend (with counsel satisfactory to Seller) and hold Seller and the Real Property free and harmless from and against all costs, claims, losses, liabilities, damages, judgments, actions, demands, attorneys' fees or mechanic's liens arising out of or resulting from any entry or activities on the Real Property by Buyer, Buyer's agents, contractors or subcontractors and the contractors and subcontractors of such agents, but in no event shall the indemnity of this Section include the discovery of pre-existing conditions by Buyer or any such liabilities, costs, etc. arising from the negligence or willful misconduct of Seller and/or its consultants. The indemnity obligations of Buyer set forth in this Section 5(a) shall survive any termination of this Agreement or the Close of Escrow.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water

Act (33 U.S.C. §1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 *et seq.*

(b) No Warranties as to the Real Property. The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an “as is” condition, with no warranty expressed or implied by Seller, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Real Property for development purposes. In addition, Seller makes no representations, warranties or assurances concerning the Real Property, its suitability for any particular use or with regard to the approval process for entitlements as to the Real Property.

(c) Buyer Precautions after Closing. Upon and after the Closing, Buyer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Real Property. Such precautions shall include compliance with all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Real Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Real Property (“Governmental Requirements”) with respect to Hazardous Materials.

6. Buyer’s Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer’s obligation to consummate the purchase of the Real Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Contingencies”), which are for Buyer’s benefit only.

(i) Title Review. Within twenty (20) calendar days after the Opening of Escrow, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the “Report”) describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the “Exceptions”) set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Buyer’s Title Policy shall include an endorsement against the effect of any mechanics’ liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer’s sole discretion, any matters of title disclosed by the following (collectively, the “Title Documents”): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Real Property and (iv) any survey Buyer desires to obtain at Buyer’s sole cost and expense. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

(ii) Buyer’s Title Policy. On or before the Closing, the Title Company shall, upon payment (by Buyer) of the Title Company’s premium, have agreed to issue to Buyer, a standard ALTA owner’s policy of title insurance insuring only as to matters of record title

("Standard Buyer's Title Policy") in the amount of the Purchase Price showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a Standard Buyer's Title Policy (such as an owner's extended coverage ALTA policy); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

In the event Buyer enters into a loan agreement to generate moneys to purchase the Real Property from Seller under this Agreement, Buyer and not Seller shall be responsible for the title insurance, closing costs and any other costs, fees or expenses in relation to Buyer obtaining such loaned moneys. The sale shall be all cash to Seller.

(iii) Physical and Legal Inspections and Studies. On or before Soil and Title the Contingency Date, Buyer shall have approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal (but not feasibility or economic) inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain.

(iv) Natural Hazard Report. Seller shall cause the Escrow Holder to provide to Buyer prior to the Soil and Title Contingency Date the Natural Hazard Report described at Section 8(a)(iii) of this Agreement; provided that Seller shall bear the cost to prepare such Natural Hazard Report.

(v) Property and Formation Documents. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's reasonable discretion, the terms, conditions and status of all of the Property Documents.

(vi) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(vii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(viii) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(ix) Oversight Board and DOF Approval. The Oversight Board and, if required as a condition of the issuance of title insurance or by either party hereto, approval by DOF,

shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement.

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

(b) **Termination Right.** Each of (i) and (ii) shall operate independently and each shall entitle Seller to terminate this Agreement, as follows:

(i) If the Independent Consideration Amount is not paid by Buyer to Seller by the Initial by the time set forth therefor in Section 3(b)(i) of this Agreement, then this Agreement shall terminate upon Seller giving notice thereof to Buyer;

(ii) If any of Buyer's Contingencies are not met by the Outside Date, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement.

If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If the Agreement has not been terminated pursuant to (i) or (ii) of this Section 6(b) and Buyer has not terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(i)-(xi) inclusive, prior to the Termination Notice Deadline, such Buyer's Contingencies shall be deemed to have been satisfied.

If this Agreement is terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees.

(c) **Seller's Cure Right.** Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title

Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s).

7. **Seller's Conditions Precedent and Termination Right.** The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) **Completion of Title Review.** Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has completed its review of title and that the condition of title satisfactory.

(b) **Confirmation Concerning Site.** Seller shall have received written confirmation from Buyer on or before the Soil Contingency Date that Buyer has reviewed the condition of the Real Property, including without limitation concerning Hazardous Materials, zoning and suitability, and approves the condition of the Real Property.

(c) **Confirmation Regarding Buyer's Title Policy.** Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has approved a pro forma title policy.

(d) **Liens.** Seller shall have obtained the consent of any lien holder to the release of such liens prior to or concurrent with closing.

(e) **Execution and Delivery of Quitclaim.** If required by the Title Company as a condition to issue Buyer's Title Policy, Buyer shall cause to be executed and delivered to Escrow a quitclaim by a spouse of Buyer (if any).

(f) **Oversight Board and DOF Approval.** The approval by the Oversight Board and DOF shall have been given as to the disposition of the Real Property by Seller to Buyer under this Agreement unless the Title Company determines that such approval is not required in order for the Title Company to insure title.

(g) **Delivery of Documents.** Buyer's delivery of all documents described in Section 9(a), below.

Should any of Buyer's Contingencies not be met by the respective times set forth for the satisfaction for such contingency (and without regard to whether all such contingencies have been removed or satisfied) and Buyer has so informed Seller, Seller may, by written notice to Buyer, terminate this Agreement; such termination rights shall be in addition to those termination rights of Seller as set forth in Section 6. If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

8. **Seller's Deliveries to Escrow Holder.**

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

- (i) Deed. The Deed.
 - (ii) FIRPTA/Tax Exemption Forms. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit C (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").
 - (iii) Hazard Disclosure Report. Unless earlier delivered to Buyer, Seller shall cause Escrow Holder to obtain and deliver to Buyer, at Seller's cost, a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") before the Closing.
 - (iv) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.
 - (v) Authority. Such evidence of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company which are consistent with the terms of this Agreement.
 - (vi) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company which are consistent with the terms of this Agreement.
- (b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Escrow, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

9. Buyer's Deliveries to Escrow. At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

- (a) Purchase Price. The Purchase Price, less amounts which Seller confirms in writing to Escrow Holder were theretofore paid to Seller as the Independent Consideration Amount, together with additional funds as are necessary to pay Buyer's closing costs set forth in Section 10(b) herein. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) Change of Ownership Report. One (1) original Preliminary Change of Ownership Report.

(c) Final Escrow Instructions. Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(d) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(e) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. Costs and Expenses.

(a) Seller's Costs. If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) one half of the Escrow Holder's fee; (v) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vi) documentary recording fees, if any; (vii) documentary transfer tax, if any; (viii) payment of the Commission Amount to Dennis Greer/Coldwell Banker; and (ix) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) Buyer's Costs. If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) one half of the Escrow Holder's fee; (ii) Buyer's share of prorations, (iii) one half of the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) the premium for title insurance other than or in excess of a Standard Buyer's Title Policy based on the Purchase Price, and, if applicable, the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (v) one half of escrow charges; (vi) one half of the appraisal charges incurred by Seller or the City as to the Real Property; (vii) one half of recording and other costs of closing; (viii) costs, if any, for such services as Buyer may additionally request that Escrow perform on its behalf; (ix) any remuneration payable to Buyer's Agent (which may be paid outside of escrow as referenced in Section 9(e), above); and (x) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts").

(c) Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Escrow Holder shall disburse those amounts for matters referenced in Section 2 as directed in writing by Seller. Buyer represents to Seller that Buyer has not engaged the services of any consultants, finders or real estate brokers in connection with the purchase of the Real Property from the Seller other than Buyer's Agent; Buyer shall be solely responsible to compensate Buyer's Agent, which shall occur outside of escrow and is a matter with which Escrow Holder and Seller need not be concerned. Seller represents to Buyer that Seller

has not engaged the services of any consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer.

11. Prorations; Withholding.

(a) All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

(b) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

12. Closing Procedure. When the Title Company is unconditionally prepared (subject to the payment of the premium therefor) to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) **Recording.** Escrow Holder shall cause the Deed to be recorded pursuant to applicable law in the county in which the Real Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) **Disburse Funds.** Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (which have been confirmed in writing by Seller to Escrow Holder and which may include any liens as to which such liens and the amount to satisfy such liens) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions). Seller authorizes Escrow Holder to request demands for payment and to make such payments from the Purchase Price (or such other

funds, if any, as are advanced by Seller) to defray the cost of removing deeds of trust, liens and other encumbrances (but not for obligations of Buyer). Escrow Holder shall disburse on behalf of Buyer such moneys as are deposited by Buyer (in addition to the Purchase Price and Buyer's share of closing costs) as the commission for Buyer's Agent (unless Buyer's Agent shall deliver a written statement to Escrow Holder which indicates that Buyer has arranged to pay Buyer's Agent outside escrow and that payment of such remuneration is a matter with respect to which Escrow Holder and Seller need not be concerned).

(c) **Documents to Seller.** Escrow Holder shall deliver to Seller a conformed copy of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of Los Angeles, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) **Documents to Buyer.** Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of Los Angeles, the Natural Hazard Report, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) **Title Company.** Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) **Closing Statement.** Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

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

(h) **Possession.** Possession of the Real Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) **Seller's Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing; provided that each of the representations and warranties of Seller is based upon the information and belief of the Executive Director of the Seller:

(i) Seller believes that it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated, subject to the approval of the Oversight Board and, as may be applicable, DOF.

(ii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, Seller believes that all requisite action (corporate, trust, partnership or otherwise)

has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval of the Oversight Board and, as may be applicable, DOF, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Seller believes that neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best of Seller's knowledge, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, 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), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

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

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give

written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. Fair Value Price. Each of Buyer and Seller believe that the Purchase Price represents a fair value price for the Real Property. At such time as Buyer makes improvements to the Real Property, the costs for planning, designing, and constructing such improvements shall be borne exclusively by the Buyer and the Buyer shall construct or cause to be constructed such improvements in compliance with all the zoning, planning and design review requirements of the Lancaster Municipal Code, and all nondiscrimination, labor standard, and wage rate requirements to the extent such labor and wage requirements are applicable.

Buyer, including but not limited to its contractors and subcontractors, shall be responsible to comply with Labor Code Section 1720, *et seq.*, if applicable, and its implementing regulations, regarding the payment of prevailing wages (the "State Prevailing Wage Law") if applicable, and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and, together with State Prevailing Wage Law, "Prevailing Wage Laws") with regard to the construction of improvements to the Real Property, but only if and to the extent such sections are applicable to the development of the Real Property. Insofar as the parties understand that Buyer is paying a fair market price for the Real Property, the parties believe that the payment of prevailing wages will not be required. In any event, Buyer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, neither the Seller nor the City makes any final representation as to the applicability or non-applicability of the Prevailing Wage Laws to improvements to the Real Property, or any part thereof. Buyer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each of the Seller and the City, and their respective officers, employees, agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Buyer's acts or omissions pertaining to the compliance with the Prevailing Wage Laws as to the Real Property. This Section 14 shall survive Closing.

15. General Provisions.

(a) **Condemnation.** If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) **Notices.** All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to

constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) **Brokers.** Seller assumes sole responsibility for any consultants or brokers ("Seller's Agents") it may have retained in connection with the sale of the Real Property (and Buyer shall have no responsibility in connection with such matters). Seller represents to Buyer that Dennis Greer of Coldwell Banker ("Greer") is to be compensated in the amount of the Commission Amount in connection with procuring Buyer to purchase the Real Property under this Agreement. Excepting only for Greer, Seller has engaged no private parties as consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement other than the Commission Amount. Seller agrees to and does hereby indemnify and hold the Buyer free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Seller in connection with this Agreement. Buyer assumes sole responsibility for any consultants or brokers ("Buyer's Representatives") it may have retained in connection with the purchase of the Real Property (and Seller shall have no responsibility in connection with such matters). Buyer represents to Seller that Buyer has engaged no consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Buyer agrees to and does hereby indemnify and hold the Seller free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Buyer in connection with this Agreement.

(d) **Waiver, Consent and Remedies.** Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(e) **Cooperation.** Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(f) Remedies. Without limitation as to the availability of other remedies, this Agreement may be enforced by an action for specific enforcement.

(g) Time. Time is of the essence of every provision herein contained. 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. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(h) Extensions at Sole Discretion of Seller. In the event Buyer requests that Seller extend the time for sale of the Real Property, such request may be granted, conditionally granted or denied at the sole and absolute discretion of Seller.

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

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

(k) Obligations to Third Parties. City shall be deemed to be a third party beneficiary of this Agreement. Excepting only for the City, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

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

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

(n) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(o) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by

or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) Assignment. Neither party may assign its rights under this Agreement without the prior consent of the other party.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

“SELLER”

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public entity, corporate and politic

By: _____
Mark V. Bozigian
Executive Director

“BUYER”

FRABER PROPERTIES II, LLC,
a limited liability company

By:  _____
Name: Frank Visco
Its: Managing Member

Acceptance by Escrow Holder:

Placer Title Company hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic (“Seller”), and Fraber Properties II, LLC (“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.

Dated: _____, 201_

FIRST AMERICAN TITLE COMPANY

By: _____

Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

[to come]

APN(s) 3105-001-915 and 3105-001-916

APN(s) _____

EXHIBIT B

DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Fraber Properties II, LLC
Attention: Frank Visco
44824 Cedar Avenue
Lancaster, California 93534

APN: 3105-001-915 and 3105-001-916

[Space above for recorder.]

DOCUMENTARY TRANSFER TAX

\$ _____
_____ computed on the consideration or value of
property conveyed; OR
_____ computed on the consideration or value less
liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm
Name

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the Successor Agency to the Lancaster Redevelopment Agency, a public entity, corporate and politic ("Grantor"), hereby grants to Fraber Properties II, LLC, a limited liability company, that certain real property located in the County of Los Angeles, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the "Property"), subject to existing easements, restrictions and covenants of record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

By: _____
Name: Mark V. Bozigian
Title: Executive Director

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

[to come]

APN(s) 3105-001-915 and 3105-001-916

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

Title(s)

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS

To inform Fraber Properties II, LLC ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("Code") will not be required upon the transfer of certain real property to the Transferee by the Successor Agency to the Lancaster Redevelopment Agency (the, "Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Transferor's social security number or U.S. employer identification number is as follows: _____.

3. The Transferor's home or office address is:

44933 N. Fern Avenue
Lancaster, California 93534

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

**SUCCESSOR AGENCY TO THE LANCASTER
REDEVELOPMENT AGENCY**

Site Map
APNs 3105-001-915 and 3105-001-916

