SACRAMENTO
Office of the City Clerk

CONTRACT
ROUTING SHEET

Contract Cover/Routing Form: Must Accompany ALL Contracts; however, it is NOT part of the contract.

General Information (Required)
Original Contract # (supplements only): __________ Supplement/Addendum #: __________________________
Assessor’s Parcel Number(s): ____________________________
Contract Effective Date: 07/26/2023 Contract Expiration Date (if applicable): __________
$ Amount (Not to Exceed): $26,000,000.00 Adjusted $ Amount (+/-): __________________________
Other Party: Calvine & Elk Grove-Florin, LLC; Paul Petrovich; PDC Construction Co., Inc.; Petrovich Development Company, LLC
Project #: __________________________ Bid/RFQ/RFP #: __________________________
City Council Approval: YES if YES, Council File ID#: 2023-00835

Contract Processing Contacts
Department: City Attorney Project Manager: Leslie Walker
Contract Coordinator: Suzanne MacDonald Email: smacdonald@cityofsacramento.org

Department Review and Routing
Accounting:
(Signature) __________________________ (Date) __________________________
Supervisor:
(Signature) __________________________ (Date) __________________________
Division Manager:
(Signature) __________________________ (Date) __________________________
Other:
(Signature) __________________________ (Date) __________________________

Special Instruction/Comments (i.e. recording requested, other agency signatures required, etc.)
☐ Recording Requested ☐ Other Party Signature Required

--------------------------FOR CLERK & IT DEPARTMENTS ONLY – DO NOT WRITE BEYOND THIS LINE--------------------------
2023-1030

CC Rev. 12.19.2018
SETTLEMENT AND RELEASE AGREEMENT

Calvine & Elk Grove-Florin, LLC, et al. v City of Sacramento, et al.
Superior Court of California, County of Sacramento, Case No.: 34-2016-00200153

This Settlement and Mutual Release Agreement (the “Agreement”) is made and entered into by and among the Parties named in paragraph A, below, in order to settle and resolve the pending disputes and claims as identified herein as between the Parties.

RECITALS

A. THE PARTIES: This Agreement is entered into by and among the following entities:

1. DEFENDANT THE CITY OF SACRAMENTO (the “City”);
2. DEFENDANT CITY COUNCIL OF THE CITY OF SACRAMENTO (“City Council”);
3. DEFENDANT JAY SCHENIRER (“Schenirer”);
4. DEFENDANT KEVIN JOHNSON (“Johnson”);
5. PLAINTIFF CALVINE & ELK GROVE-FLORIN, LLC (“Calvine & Elk Grove-Florin”);
6. PLAINTIFF PAUL PETROVICH (“Paul Petrovich”);
7. PLAINTIFF PDC CONSTRUCTION COMPANY, INC. (“PDC Construction”);
and
8. PLAINTIFF PETROVICH DEVELOPMENT COMPANY, LLC (“Petrovich Development Company”).

Each of the Plaintiff parties, Calvine & Elk Grove-Florin, Paul Petrovich, PDC Construction, and Petrovich Development Company, are collectively referred to as “Plaintiffs” or “Plaintiffs” or “Petrovich.” Each of the Defendant parties, City, City Council, Schenirer, and Johnson, are collectively referred to as “Defendants.”

This Agreement is being entered in order to fully settle the litigation entitled Calvine & Elk Grove-Florin, LLC, et al., v. City of Sacramento, et al. (as described in Sections B and C, below), which is venued in the Superior Court for the County of Sacramento, Case Number 34-2016-00200153 (the “Action”), as well as the other legal actions or litigation(s) referenced in Section C below as Petrovich I and III litigations. Plaintiffs and the Defendants may be referred to herein collectively as or “Parties”, or individually as “Party”.

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B. THE CROCKER VILLAGE PROJECT: The Action and other legal action(s)/litigation(s) referenced below in Section C giving rise to this Agreement concern the Curtis Park Village development, now known as Crocker Village, which is a large-scale, smart-growth mixed-use, urban infill development located north of Sutterville Road between 24th Street and the Union Pacific Railroad in the City of Sacramento (the “Project”). The Project consists of approximately 72 acres, and includes retail and commercial development, single-family homes, multi-family housing, and a park/detention basin/playfields area.

C. THE DISPUTES: The disputes subject to this Agreement generally arise out of (1) the City’s denial of a conditional use permit (“CUP”) for a gas station (“Gas Station”) within the Commercial Center portion of the Project; (2) allegedly onerous requirements imposed by the City throughout the entire entitlement process for the Project; and (3) Plaintiffs’ efforts to develop all aspects of the Project, which include, without limitation, the Commercial Center (Phases I and II), which is inclusive of all retail and commercial build-out, the residential portions of the Project (inclusive of single family homes, multi-family housing), off-site improvements, and the park/detention/playfields basin.

The City’s Planning Commission held a public hearing on the CUP application on June 11, 2015, after which it approved the CUP for the Gas Station by a vote of 8 to 3. On June 19, 2015, the Sierra Curtis Neighborhood Association (“SCNA”), filed an appeal of the Planning Commission’s approval decision to the City Council. The City Council heard the appeal on November 17, 2015. At the hearing, the City Council voted to reject the CUP application for the Gas Station. The Project was located within Defendant Councilmember Jay Schenirer’s District at the time of the original CUP hearing. Defendant Kevin Johnson was a Councilmember and Mayor of the City of Sacramento at the time of the initial CUP hearing.

Petrovich I

In February 2016, Plaintiffs filed a Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief before the Sacramento County Superior Court (Case No. 34-2016-80002289) against the City and real parties in interest, including SCNA, to rescind the denial of the CUP (the “Petrovich I” litigation). Plaintiffs alleged multiple claims in Petrovich I (and which have been repeated in substance in the subsequent damages litigation). Defendants denied all of Plaintiffs’ allegations and causes of action as alleged in the Petrovich I litigation.

On January 3, 2018, the Superior Court in Petrovich I granted the writ petition as sought by Plaintiffs. In April 2018, the City appealed the Superior Court’s issuance of the writ of mandate to the Court of Appeal of the State of California, Third Appellate District. On April 8, 2020, the Court of Appeal issued its decision affirming the Superior Court order granting the petition for writ of mandate and ordered the City to rescind the CUP decision and conduct a new CUP appeal hearing at which Defendant Councilmember Schenirer would be recused from participating. On May 8, 2020, pursuant to Plaintiffs’ motion for publication, and over the Defendants’ objections, the Court of Appeal ordered its opinion to be published in the Official Reports. (see Petrovich Development Company, LLC v. City of Sacramento, 48 Cal.App.5th 963 (2020)).
In or about April 2021, the Superior Court denied Plaintiffs’ motion to recover attorney’s fees in Petrovich I, except for an award of limited fees and costs (in the approximate sum of $60,000) incurred with respect to Plaintiffs’ challenges under the California Public Records Act. In or about May 2022, Plaintiffs appealed the Superior Court’s denial of Plaintiffs’ motion to recover attorney’s fees in Petrovich I (“Attorney’s Fees Appeal”). The Attorney’s Fees Appeal arising from the Petrovich I litigation remains pending.

Petrovich II

Plaintiffs filed their initial Complaint before the Sacramento County Superior Court (Case No. 34-2016-00200153) on September 12, 2016 (while the writ proceedings in Petrovich I were pending), asserting claims for damages (and seeking attorney’s fees) and alleging multiple constitutional, business tort/interference and related claims against Defendants (the “Petrovich II” litigation). Following multiple demurrers, the remaining causes of action alleged against Defendants through Plaintiffs’ current operative pleading in Petrovich II, the Fourth Amended Complaint, are (1) Violation of Equal Protection (42 U.S.C. Section 1983); (2) Intentional Interference with Economic Relations; (3) Negligent Interference with Economic Relations; (4) Conspiracy to Commit Tort; (5) Breach of Contract; (6) Unjust Enrichment; and (7) Common Count – Goods and Services Rendered (the “Fourth Amended Complaint”). Defendants deny all of Plaintiffs’ allegations and causes of action as alleged in the Petrovich II litigation.

Plaintiffs’ broadly allege in Petrovich II that their constitutional rights were violated by Defendants to the extent that Plaintiffs were purportedly treated differently than other developers in conjunction with Plaintiffs’ efforts to develop the Gas Station and other improvements within the Commercial Center and residential portions of the Project (including related off-site improvements). More specifically, Plaintiffs allege that (1) as a direct result of the animus, malice, ill will, and bias against Plaintiffs, Defendants intentionally and arbitrarily treated Plaintiffs differently from other similarly situated landowners and developers, and without a rational basis for the difference in treatment in violation of the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution; (2) Defendants intended to tarnish Plaintiffs’ reputation and image within the community, among third parties, and with business relationships by orally publishing false and defamatory statements about Plaintiffs; and, among others; and (3) Defendants intended to and did disrupt the relationship between Plaintiffs and Safeway, Ultimate Fitness Club and others and committed various other acts and omissions designed to sabotage and delay the development at issue. Plaintiffs further allege that Defendants’ conduct concerning the entitlement process at the Project caused Plaintiffs to incur economic damages and other impacts commencing in (or before) 2015, and continuing through the present. Defendants deny all of Plaintiffs’ allegations in these and all other regards.

Plaintiffs’ assertions regarding their alleged damages in these regards and all other regards are generally summarized in the Fourth Amended Complaint, deposition testimony in the Action, Plaintiffs’ mediation protected “Damages Summary as of November 4, 2022” and Plaintiffs’ Supplemental Expert Analysis (received by Plaintiffs’ counsel on November 15, 2022), as well

1 The Parties acknowledge that the referenced “Damages Summary as of November 4, 2022” and Plaintiffs’ Supplemental Expert Analysis (received by Plaintiffs’ counsel on November 15, 2022) are documents prepared for
as through Plaintiffs’ verified discovery responses, including, without limitation, the verified responses identified below, the contents of which are incorporated by reference as though set forth in full herein: (1) Plaintiffs’ Second Amended Responses to Defendants’ Special Interrogatories, Requests for Admission, Request for Production of Documents, and Form Interrogatories, Set One, dated March 4, 2021; (2) Plaintiffs’ Supplemental Responses to Defendants City of Sacramento, Kevin Johnson and Jay Schenirer’s Special Interrogatories and Form Interrogatories, Set One, dated May 24, 2021; (3) Plaintiffs’ Supplemental Responses to Defendants City of Sacramento, Kevin Johnson and Jay Schenirer’s Special Interrogatories and Form Interrogatories Regarding Development and Lease Issues, Set One, dated June 16, 2021; and (4) Plaintiffs’ Verified Statement in Response to September 15, 2022 Order of Discovery Referee on Motion to Compel Tax Returns, dated October 7, 2022.

**Petrovich III**

As directed by the Court of Appeal, the City conducted a new CUP appeal hearing concerning the Gas Station at the Project on January 18, 2022. At that hearing, City Staff provided a comprehensive staff report and presentation recommending approval of the CUP. Following a lengthy public hearing on the matter, the Council voted unanimously (6-0) to again deny the CUP, and on February 8, 2022, the City Council adopted written findings in support of the denial of the CUP.

On April 18, 2022, Defendants Petrovich Development Company, PDC Construction and Calvine & Elk Grove-Florin filed a Writ of Mandate and Complaint for Declaratory and Injunctive Relief in the Sacramento County Superior Court (Case No. 34-2022-80003871) challenging the City Council’s denial of the CUP (the “Petrovich III” litigation). In Petrovich III, Plaintiffs allege that the City Council abused its discretion by, among others, (1) failing to proceed in the manner required by law; (2) adopting findings not supported by substantial evidence in the record; (3) failing to provide a fair and impartial review or public hearing process as mandated by City policies and ordinances; and (4) effectively denying Plaintiffs’ rights to due process. Defendants deny all of allegations and causes of action as alleged in the Petrovich III litigation. The Petrovich III matter remains pending.

The Parties mediated all of the disputes arising from the Project, including all disputes arising from the Petrovich I, Petrovich II, and Petrovich III litigation matters and the Attorney’s Fees Appeal arising from the Petrovich I litigation, on November 4 and 30, and December 2, 2022, and continuing through the Effective Date of this Agreement (with Jerry Kurland, Esq. serving as the Parties’ Mediator).

The Parties wish to compromise and settle all disputes and claims asserted, or which could have been asserted by any of them, based on the Terms and Conditions of this Agreement. The purposes of mediation, and those documents are referenced in this Agreement solely to further describe the nature and scope of the allegations and damages asserted on behalf of Plaintiffs. The express references to those documents shall not be considered a waiver of any applicable mediation or settlement protection or privilege that may apply, but those protections may be deemed partially waived only to the extent necessary for purposes of enforcing this Agreement with the understanding by the Parties that this Agreement and referenced mediation protected documents are admissible, or subject to disclosure, pursuant to Evidence Code section 1123.
Parties enter into this Agreement upon the Terms and Conditions set forth below to provide for a full and final settlement, compromise, release and discharge of any and all disputes, claims and liabilities which were asserted, or which could have been asserted by the Parties through the Petrovich I, Petrovich II, and Petrovich III litigation matters and the Attorney’s Fees Appeal arising from the Petrovich I litigation. It is the full and express intent of the Parties to settle all claims relating to or arising from the Petrovich I, Petrovich II, and Petrovich III litigation matters and the Attorney’s Fees Appeal arising from the Petrovich I litigation and any other damage and injury resulting from the alleged conduct, actions or inaction on behalf of Defendants arising from or concerning the Project, subject to the express exceptions as set forth in the Terms and Conditions, below.

**TERMS AND CONDITIONS**

1. **RECITALS:** The recitals set forth above are true and correct and are by this reference incorporated herein.

2. **CONDITION PRECEDENT:** This Agreement shall be initially signed on behalf of all Plaintiffs to represent that the terms contained herein are acceptable. The Parties expressly acknowledge that, through signing this Agreement, all terms herein shall be null and void absent consent to this Agreement by, and execution on behalf of, the City, and the Plaintiffs agree and acknowledge that such consent is a condition precedent to the enforcement of this Agreement.

3. **BENEFIT OF COUNSEL:** Each Party hereto has had the opportunity to seek and/or receive independent legal advice from attorneys of its choice with respect to the preparation, review and advisability of executing this Agreement prior to entering into this Agreement. Each Party hereto has carefully read this entire Agreement and executes this Agreement freely and voluntarily after independent investigation and without fraud, duress, or undue influence, with full knowledge of the Terms and Conditions and their significance, and with the express intention of effecting the legal consequences of the same.

4. **SETTLEMENT PAYMENT/CONSIDERATION:**

   The total consideration to be received by the Defendants is as follows:

   (a) **Purchase and Sale Transaction:** The City agrees to acquire the improved real property located at 827 K Street, Sacramento, California 95814 (Sacramento County APN: 006-0097-012-0000), which real property is commonly referred to as The Hale Building (the “Property”), for the purchase price of EIGHTEEN MILLION FIVE HUNDRED THOUSAND & 00/100THS DOLLARS ($18,500,000.00) and subject to the following conditions (the “Purchase and Sale Transaction”):

   (i) **Due Diligence Period:** Subject to the terms and conditions of the Purchase and Sale Agreement (Exhibit A), the Parties agree that the Due Diligence Period associated with the Purchase and Sale Transaction has already occurred and has expired.
(ii) **Purchase and Sale Agreement:** The City and Hale Bros. Investment Company, LLC, a California limited liability company, shall execute the Purchase and Sale Agreement in the form as attached to this Agreement as Exhibit A;

(iii) **Closing Costs:** The City shall pay all closing costs associated with the Purchase and Sale Transaction, which includes, without limitation, all fees related to escrow, title insurance, recording costs, and city/county transfer taxes;

(iv) **Close of Escrow:** The Close of Escrow with respect to the Purchase and Sale Agreement shall occur on or before March 31, 2024, unless otherwise agreed to or extended in writing by the Parties.

(v) **Temporary Assignment of Rents:** Subsequent to the Close of Escrow with respect to the Purchase and Sale Transaction, any rights or obligations of the Parties concerning the receipt, or continued receipt, of lease payments from the tenants at the Property shall be in accordance with the terms and conditions of the Purchase and Sale Agreement (Exhibit A); and

(vi) **Vacating Property:** The Plaintiffs, including Paul Petrovich and all entities affiliated with Plaintiff Paul Petrovich and/or the Plaintiffs, shall fully vacate the Property within six (6) months of the Close of Escrow with respect to the Purchase and Sale Transaction, but in no event, regardless of Close of Escrow Date, later than March 31, 2024.

(b) **Settlement Payment:** In full and final resolution of all claims and disputes as between the Parties, the City shall pay to Plaintiffs, on behalf of the Defendants, the total sum of Seven Million Five Hundred Thousand Dollars and no/cents ($7,500,000.00) (the “Settlement Payment”). The Plaintiffs understand and acknowledge that a portion of the Settlement Payment will be paid by the City and by one or more of the Defendants’ insurers, on behalf of the Defendants. With respect to the Settlement Payment called for by this Agreement, any drafts or checks shall be made payable to “PDC Construction Company, Inc., a California corporation.”

(i) The Settlement Payment shall be received by counsel for the Plaintiffs no later than thirty (30) calendar days after the Effective Date of this Agreement; and,

(ii) It is understood that the Defendants may have more than one insurer contributing settlement funds. Counsel for the Defendants shall, at the time that any settlement check or draft is sent, identify the amount of payment that is being tendered so that each payment received is properly accounted for by Plaintiffs.

(c) **Naming of Detention Basin and Playfields:** The City shall agree: (i) within sixty (60) days after the Effective Date, to undertake all necessary steps to formally name the playfield area at the detention basin of the Project within Ray Eames Park the “Petrovich Family Playfield”; and (ii) within sixty (60) days after the completion of the construction and installation of the playfields and dedication of the detention basin and playfield area of the Project to the City (i.e., transfer of ownership to the City), to install a sign and plaque at the detention basin and playfield area of the Project in accordance with Exhibit B to this Agreement which depicts the size, content
and location of the sign and plaque. Plaintiffs agree to pay for the construction and installation of the sign. In each event the sign and/or plaque is/are destroyed, desecrated, damaged, and/or removed, the City agrees to undertake all reasonable and timely efforts to fully restore and/or replace said sign and/or plaque to the original specifications at the City’s expense, provided that, should the City’s budget be insufficient to cover replacement, Plaintiffs will contribute necessary funds to fully restore and/or replace the sign and/or plaque. The City shall not permit, approve, or install any signage, statue, plaque, or other memorial within the area of the playfields and detention basin as identified on page 5 of Exhibit B (specifically, the “Prohibited Sign Area” is outlined in blue), aside from the following: (a) the Petrovich Family Playfield sign and plaque (as detailed in Exhibit B); and (b) any governmental signage related to the noticing of public health, safety, and/or nuisance laws, including but not limited to leash laws, loitering, littering, and/or trespassing. The Parties acknowledge and agree that no provision or term of this Agreement, including the naming of the playfield area at the detention basin of the Project within Ray Eames Park pursuant to this paragraph, shall constitute any obligation or requirement on behalf of the City to rename the Ray Eames Park.

(d) Apology: Upon the Effective Date, the City agrees to provide a written apology to Plaintiff Paul Petrovich as depicted in Exhibit E.

(e) Street Names & Croker Village Entrance Signage: Subject to reasonable health and safety requirements and/or emergency circumstances, the City shall not modify and shall preserve: (i) the Croker Village entrance signage located at the arch over Crocker Drive in between the Shopping Center and Brownstone homes as well as the dedication plaques located within the base of such entrance sign (as depicted on Exhibit C); and, (ii) the residential street names as approved by the City and currently used within the residential portions of the Project (as such street names are identified on Exhibit C).

5. CROCKER DRIVE CONDITIONS:

(a) Completion of Crocker Drive Left-Turn Lane: Plaintiffs have received a permit, City permit number RPC19-0033, to construct its obligations under Condition 36 of the June 25, 2019 Site Plan and Design Review (“Condition 36”). The Parties hereby agree that in accordance with the Subdivision Improvement Agreement for DR18-138 & Z18-221, Plaintiffs, at its sole cost and expense, and prior to any tenant of Plaintiffs opening for business at Phase 2 of the Commercial Center, will undertake and complete the performance of the work required to satisfy Condition 36 of the June 25, 2019 Site Plan and Design Review consistent with City permit RPC19-033 and associated offsite improvements plan to the reasonable satisfaction of the City, and shall provide the City a one-year express written warranty covering the work performed as required pursuant to Section 17.852.160 of the Sacramento City Code. The City acknowledges that it has received, as a cash deposit, the sum $176,880 as security for completing the work required under Condition 36 (“Security Deposit”). Upon Plaintiffs full and complete satisfaction of work required under Condition 36 and the City’s final approval of such work, the City shall release the entirety of the Security Deposit to Plaintiffs (or applicable entity as designated in writing by Plaintiffs), except for ten percent (10%) of the Security Deposit which shall be withheld by the City during the one-year express warranty period pursuant to Section 17.852.160 of the Sacramento City Code. Upon the expiration of the one-year express warranty period, the City shall return the remainder of the
withheld Security Deposit to Plaintiffs (or applicable entity as designed in writing by Plaintiffs) less amounts, if any, paid by the City to address unresolved warranty claim items. The City hereby agrees to timely review and complete any final inspection and distribute all but 10% of the funds on deposit and made by Plaintiffs within 30 days of approval of the work by the City. In the event that the work required to satisfy Condition 36 is not completed by July 31, 2023, or prior to any tenant of Plaintiffs that is not yet operating at Phase 2 but intending to open for business at Phase 2 of the Commercial Center, whichever occurs earlier, the City reserves all rights to complete any or all work as may be necessary to satisfy Condition 36, and the City shall reimburse its costs and expenses to perform this work from the Security Deposit. Should the Security Deposit be insufficient to reimburse the City’s costs and expenses incurred to satisfy Condition 36, Plaintiffs shall be responsible to pay any shortfall to the City; conversely, the City will return any remaining Security Deposit funds to Plaintiffs after all costs and expenses incurred by the City to satisfy Condition 36 have been reimbursed.

(b) Acceptance of Crocker Drive: The City agrees to repair, at its sole cost and expense, the currently installed irrigation and landscaping improvements in the median on Crocker Drive, which improvements are required to be performed as one of the conditions for the issuance of the Notice of Completion for Crocker Drive. The Parties acknowledge and agree that this Agreement shall in no way alter, modify, or release the maintenance obligations of any private homeowners’ association(s) with responsibility for such maintenance obligations, including, without limitation, the maintenance of landscaping at Crocker Drive. Notwithstanding the above, should the City elect to remove and replace any existing material and/or landscaping plants as part of its work, it shall do so in a manner that is consistent with (i) all applicable state laws, City Code, and the Curtis Park Village Planned Unit Development, Schematic Plan and Development Guidelines, as amended by the Planning and Design Commission on January 28, 2016 (P15-027) ("PUD"); and, (ii) current landscaping in place in order to maintain quality of the project development within the sole discretion of the City. Within 14 days of receipt of written notice from the City concerning the installation of replacement landscape material and/or plants, Plaintiffs may provide input and suggestions in writing to the City concerning landscape material and/or plants to be selected and installed by the City in accordance with the applicable laws, City Code, and PUD. However, the final selection of landscape material and/or plants to be installed shall be made by the City, within its sole discretion.

6. DISMISSALS:

Dismissals of Petrovich I, Petrovich II, Petrovich III, and the Attorneys’ Fees Appeal; Withdrawal of Pending Public Record Act Requests:

(a) Plaintiffs shall, within five (5) calendar days after the Effective Date, cause to be filed the following documents with the appropriate Court:

(i) A notice of Conditional Settlement of Entire Case (Fourth Amended Complaint, and all causes of action therein, in the Petrovich II litigation) with a condition of dismissal with prejudice occurring upon the completion of conditions precedent pursuant to Paragraph 6(b) of the Agreement;
(ii) A stipulation to stay the Petrovich II litigation, and to toll all applicable deadlines and to continue the pending Trial and MSC Date, pending completion of conditions precedent to the dismissal of the Petrovich II litigation pursuant to Paragraph 6(b) of the Agreement;

(iii) A notice of Conditional Settlement of Entire Case (Writ of Mandate and Complaint for Declaratory and Injunctive Relief, and all causes of action therein, in the Petrovich III litigation and all pending Public Record Act requests related to the Petrovich III litigation) with a condition of dismissal with prejudice occurring upon the completion of conditions precedent pursuant to Paragraph 6(b) of the Agreement;

(iv) A stipulation to stay the Petrovich III litigation, and to toll all applicable deadlines, pending completion of conditions precedent to the dismissal of the Petrovich III litigation pursuant to Paragraph 6(b) of the Agreement; and

(v) A notice of Conditional Settlement of Entire Case (Attorney’s Fees Appeal arising from the Petrovich I litigation) with a condition of dismissal with prejudice occurring upon the completion of conditions precedent pursuant to Paragraph 6(b) of the Agreement, and any other stipulations and/or documentation as reasonably necessary for the Court of Appeal to stay the pending appeal pending completion of conditions precedent to the dismissal of the Petrovich I litigation pursuant to Paragraph 6(b) of the Agreement. However, in the event that the Court of Appeal declines to stay or dismiss the pending appeal in the Attorney’s Fees Appeal arising from the Petrovich I litigation and/or the Court of Appeal issues a decision despite the Parties’ request to stay or dismiss the pending appeal, the Parties agree that no decision rendered by the Court of Appeal shall modify or change the obligations of the Parties under this Agreement (or result in any adjustment to the amount of the Settlement Payment hereunder), which represents the terms upon which the Parties have agree to resolve all Released Claims (as defined in paragraph 7), and which include all rights and/or obligations with respect to the Attorney’s Fees Appeal arising from the Petrovich I litigation. The Parties acknowledge and agree that this Agreement shall release and/or waive all rights with respect to the enforcement of any right and/or obligations arising from any decision that may be rendered by the Court of Appeal (e.g., denial of the appeal, granting of the appeal, or remand to trial court for further proceedings). Specifically, should the Court of Appeal remand this matter to the trial court, for any reason, Plaintiffs agree to immediately file a Request for Dismissal with Prejudice with the trial court (or any other documentation required to promptly dismiss the trial court proceedings) subject to satisfaction of all conditions set forth in Section 6(b) below; or, should the Court of Appeal otherwise deny or grant the appeal (and/or make any determination or finding as to the requested award of attorney’s fees), the Parties acknowledge and agree that the releases in this Agreement shall be effective to waive and release the rights and/or obligations of the Parties with respect to any such Court of Appeal decision, including enforcement of the same.

(b) Plaintiffs shall, within five (5) calendar days after Plaintiffs’ receipt of the Settlement Payment pursuant to Section 4(b) of this Agreement and all purchase funds for the Hale Building are successfully deposited into escrow regarding the Purchase and Sale Transaction (i.e., all required payments are made and clear), cause to be filed the following documents with the appropriate Court:
A Request for Dismissal with Prejudice of the Fourth Amended Complaint, and all causes of action therein, in the Petrovich II litigation;

A Request for Dismissal with Prejudice of the Writ of Mandate and Complaint for Declaratory and Injunctive Relief, and all causes of action therein, in the Petrovich III litigation and all pending Public Record Act requests related to the Petrovich III litigation; and,

A Request for Dismissal with Prejudice as to the pending Attorney’s Fees Appeal arising from the Petrovich I litigation, subject to the agreement of the Parties as stated in Paragraph 6(a)(v) in the event the Court of Appeal declines to stay or dismiss the pending Attorney’s Fees Appeal.

In addition to filing the above Requests for Dismissals, Plaintiffs shall concurrently withdraw all pending Public Record Act Requests submitted to the City concerning the denial of the CUP and/or the Project.

7. **RELEASES:**

(a) **Plaintiffs’ Release:** Subject to the exceptions as provided in paragraphs 9 and 10, below, and in consideration for, and only effective upon, the full and timely performance of all Terms and Conditions of this Agreement in the manner prescribed herein, the Plaintiffs, on behalf of themselves and their respective heirs, executors, administrators, trustees, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parent, subsidiary, affiliated and related entities (including, without limitation, Crocker Village 52F, LLC, Crocker Village 70A, LLC and Crocker Village 77C, LLC, and any other closely held, affiliated and/or related entity(ies)), officers, directors, principals, agents, attorneys, consultants, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, do hereby release and forever discharge each of the Defendants, and each of their respective heirs, executors, administrators, trustees, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parent, subsidiary, affiliated and related entities, officers, past and current council members, directors, principals, agents, attorneys, consultants, insurers, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, to the fullest extent possible, of and from, on account of, or with respect to any and all demands, actions, causes of action, liabilities, obligations, damages or claims of any and every kind and nature whatsoever at law, in equity or otherwise, known or unknown, suspected or unsuspected, disclosed or undisclosed, foreseen or unforeseen, asserted or unasserted, arising out of or in any way connected with or resulting from the following:

(i) The Petrovich II litigation;

(ii) The Petrovich III litigation;

(iii) The Attorney’s Fees Appeal arising from the Petrovich I litigation; and
Any and all claims, causes of action, and damages as alleged in, or which could have been alleged in, the Petrovich I litigation, Petrovich II litigation, or Petrovich III litigation, and as more particularly identified in the following pleadings, correspondence, documents and reports, each of which is incorporated by reference as though set forth in full herein: (1) the Fourth Amended Complaint in the Petrovich II litigation; (2) deposition testimony in the Petrovich I litigation and the Petrovich II litigation; (3) Plaintiffs’ mediation protected “Damages Summary as of November 4, 2022”; (4) Plaintiffs’ mediation protected Supplemental Expert Analysis (received by Plaintiffs’ counsel on November 15, 2022); (5) Plaintiffs’ verified discovery responses in the Petrovich II litigation, including, without limitation, the verified responses identified below, the contents of which are incorporated by reference as though set forth in full herein: (a) Plaintiffs’ Second Amended Responses to Defendants’ Special Interrogatories, Requests for Admission, Request for Production of Documents, and Form Interrogatories, Set One, dated March 4, 2021; (b) Plaintiffs’ Supplemental Responses to Defendants City of Sacramento, Kevin Johnson and Jay Schenirer’s Special Interrogatories and Form Interrogatories, Set One, dated May 24, 2021; (c) Plaintiffs’ Supplemental Responses to Defendants City of Sacramento, Kevin Johnson and Jay Schenirer’s Special Interrogatories and Form Interrogatories Regarding Development and Lease Issues, Set One, dated June 16, 2021; and (d) Plaintiffs’ Verified Statement in Response to September 15, 2022 Order of Discovery Referee on Motion to Compel Tax Returns, dated October 7, 2022. Any applicable privilege(s), including, without limitation, the settlement/mediation privilege, as to the contents of any of the correspondence, documents and reports identified in this Paragraph are partially waived by the Parties only to the extent necessary to enforce this Agreement and for that purpose only, the terms of this Agreement and referenced mediation protected documents are admissible, or subject to disclosure, pursuant to Evidence Code section 1123.

(b) Defendants’ Release: Subject to the exceptions as provided in paragraphs 9 and 10, below, and in consideration for, and only effective upon, the full and timely performance of all Terms and Conditions of this Agreement in the manner prescribed herein, the Defendants, on behalf of themselves and their respective heirs, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parent, subsidiary, affiliated and related entities, officers, past and current council members, directors, principals, agents, attorneys, consultants, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, do hereby release and forever discharge each of the other Plaintiffs, and each of their respective heirs, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parent, subsidiary, affiliated and related entities, officers, directors, principals, agents, attorneys, consultants, employees or former employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, to the fullest extent possible, of and from, on account of, or with respect to any and all demands, actions, causes of action, liabilities, obligations, damages or claims of any
and every kind and nature whatsoever at law, in equity or otherwise, known or unknown, suspected or unsuspected, disclosed or undisclosed, foreseen or unforeseen, asserted or unasserted, arising out of or in any way connected with or resulting from the following:

(i) The Petrovich II litigation;

(ii) The Petrovich III litigation;

(iii) The Attorney’s Fees Appeal arising from the Petrovich I litigation; and

(iv) Irrigation improvements necessary for issuance of the Notice of Completion for Crocker Drive.

(c) The items identified above in paragraphs 7(a), subparagraphs (i) through (iv), and 7(b), subparagraphs (i) through (iv), shall be collectively referred to as the “Released Claims.”

8. WAIVER OF CIVIL CODE SECTION 1542: Except as provided in paragraphs 9 and 10, below, the Released Claims described above are full and final releases extending to unknown as well as known claims. It is the intention of the Parties, in executing this Agreement, that the same shall be effective as a bar to each and every claim, demand, and cause of action described in paragraph 7, above, and the Parties knowingly, voluntarily, and expressly waive any and all rights and benefits otherwise conferred by the provisions of section 1542 of the California Civil Code which states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

The Parties expressly acknowledge that they may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the underlying contracts or agreements at issue, the Project, and/or the Released Claims settled herein, and that it is their intention, except as provided in paragraphs 9 and 10 below, to fully, finally and forever settle and resolve matters released herein, known and unknown, suspected or unsuspected, which existed, now exist, or may exist, and that in furtherance of their mutual intention, the Parties acknowledge and agree that this waiver is an essential and material term of this Agreement and, without such waiver this Agreement would not have been entered into.

In waiving the provisions of Section 1542 of the Civil Code, the Parties acknowledge that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the Released Claims but agree that each has taken that possibility into account and the releases herein given shall be and remain in effect as a full and complete general release notwithstanding the discovery or existence of any such additional or different facts.
9. **CLAIMS NOT RELEASED:**

The Parties hereby understand and agree that there are numerous and ongoing interactions between the City and the Plaintiffs regarding the Project and other developments and projects wholly unrelated to the Project that are owned by the various Plaintiffs. In this regard, the Released Claims and waiver of Section 1542 of the Civil Code are specific releases relating to the Released Claims and claims, allegations, and causes of actions associated with the Released Claims, but they are not general releases of all lawful claims the Parties may possess due to ongoing or future applications, entitlements, or other approvals required of the City.

10. **CONTRACT AND/OR CONTINUING OBLIGATIONS:** Except as expressly provided for in this Agreement, the terms of any contract, agreement, or City Code (or other applicable law, ordinance or regulation) regarding the Project still in effect shall remain in full force and effect, including, without limitation, fees, warranty obligations, maintenance and infrastructure obligations, indemnification, and insurance requirements, and any other express rights and obligations, if any, that call for conduct to continue following completion of the Project.

11. **REPRESENTATIONS AND WARRANTIES:** Each Party represents and warrants that it has not previously assigned or transferred, or purported to assign or transfer, to any person or entity any right, claim or cause of action released by it in this Agreement.

12. **COMPROMISE:** This Agreement is the result of a compromise and shall never at any time or for any purpose be considered an admission of liability or responsibility on the part of any Party herein released, nor shall the payment of any sum of money or other form of consideration for the execution of this Agreement constitute or be construed as an admission of any liability whatsoever by any Party herein released, all of which continue to deny such liability and disclaim such responsibility.

13. **WARRANTY OF AUTHORIZED SIGNATURES:** This Agreement constitutes a legal, valid and contractual obligation binding on the Parties. The representations and warranties set forth above shall endure forever and shall survive any investigation made by or on behalf of the Parties, or any of them, regardless of any actual or constructive knowledge on the part of the Parties, or any of them, with respect to the truth or accuracy of any such representation or warranty. Each of the signatories hereto warrants and represents that he or she is of legal age and legally competent and authorized to enter into and approve this Agreement on behalf of the Party for whom he or she purports to sign.

14. **ATTORNEYS’ FEES:** The Parties hereto acknowledge and agree that each of them shall bear their own costs/expenses (including all investigative and consultant expenses), expert fees and attorneys’ fees arising out of or connected with the Released Claims and the negotiation, mediation, drafting, and execution of this Agreement.

15. **CONSTRUCTION OF AGREEMENT:** This Agreement is a product of negotiation and preparation by and among each Party and/or their respective attorneys. Accordingly, all Parties acknowledge and agree that this Agreement shall not be deemed prepared or drafted by any particular Party, or its attorneys, and shall be construed accordingly.
16. **BENEFIT; GOVERNING LAW; ENFORCEABILITY:** This Agreement is made for the sole benefit of the Parties to this Agreement, and no other person or entity shall have any benefits, rights, or remedies under or by reason of this Agreement. This Agreement shall be interpreted in accordance with and governed in all respects by the laws of the State of California. It is hereby stipulated and agreed that this Agreement may be enforced by the Superior Court for the County of Sacramento under Code of Civil Procedure section 664.6; and, the Superior Court of California for the County of Sacramento shall retain jurisdiction over the Parties to enforce the settlement memorialized herein until performance in full of the terms and conditions of this Agreement.

17. **BINDING EFFECT:** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, trustees, beneficiaries, predecessors, successors, assigns, members, managers, managing agents, partners, partnerships, parent, subsidiary, affiliated and related entities, officers, directors, principals, agents, employees, servants, representatives, shareholders, former shareholders, and all persons, firms, associations, and/or corporations connected with them, including without limitation their insurers, sureties, attorneys, consultants and experts.

18. **SEVERABILITY:** If any provision or any part of any provision of this Agreement shall for any reason be held to be invalid, unenforceable, or contrary to public policy or any law, then the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

19. **COUNTERPARTS:** This Agreement may be executed in counterparts (through electronic or original signatures), and as so executed shall constitute one agreement which shall be binding upon all Parties hereto, notwithstanding that the signatures of all Parties’ designated representatives do not appear on the same page.

20. **COOPERATION:** Each Party hereto agrees that such Party will not take any action that would interfere with the performance of this Agreement by any of the Parties or which would adversely affect any of the rights provided for herein. The Parties shall cooperate with one another and shall promptly execute any and all documents and perform any and all actions necessary to effectuate this Agreement.

21. **ENTIRE AGREEMENT:** This Agreement, including all exhibits attached and herein incorporated by reference, contains the entire understanding between and among the Parties to this Agreement with regard to the matters herein set forth, and is intended to be and is a final integration thereof. There are no representations, warranties, agreements, arrangements, undertakings, oral or written, between or among the Parties hereto relating to the Terms and Conditions of this Agreement which are not fully expressed herein. This Agreement may not be altered or amended other than by a writing executed by the Parties.

22. **EFFECTIVE DATE:** This Agreement shall not be effective until it is signed by all of the Parties, in accordance with paragraph 2, above (the “Effective Date”).
23. **Joint Statement and Non-Disparagement.** As of the Effective Date, the Parties agree to provide to any media a joint statement in the form attached to this Agreement as Exhibit D. The Plaintiffs, and all related and affiliated entities, any individuals with authority to speak on behalf of Defendant City and members of the City Council, mutually agree to refrain from any disparagement, defamation, libel, or slander of the other Party in connection with the subject matter or terms of this Agreement. To clarify any obligations under this Agreement, it shall not be deemed a violation of the terms of this Paragraph for any Party to reference the existence or content of this Agreement or any Court Order or public record arising under Petrovich I.

24. **Taxes.** No representations have been made by the Parties regarding the taxability of all or any portion of this settlement. Each Party has had the opportunity to seek independent advice regarding the tax consequences of this settlement, and Plaintiffs fully accept all responsibility for satisfaction of any tax obligation(s) that may result from this settlement. Plaintiffs agree to fully defend, indemnify and hold harmless the Defendants, and each of them, arising from any claim(s) that may be related to or arise out of any tax obligation(s) that may result from this settlement including any position(s) that Plaintiffs may take and/or any submission(s) that may be made before the United States Internal Revenue Service, the California Franchise Tax Board, or any other local, state, or federal agency, with respect to the tax consequences of this settlement.

25. **Plaintiffs’ Representations and Warranties:** Plaintiffs represent and warrant that (1) there are no liens or other encumbrances on the rights asserted by the Plaintiffs against the Defendants; and (2) that the Plaintiffs have full authority to enter into this Agreement and provide the entirety of the releases set forth in this Agreement. As a material term of this Agreement, Plaintiffs represent and warrant they will defend, indemnify and hold harmless each of the Defendants against any claim(s) by any third party(ies) alleging any of the rights, claims, damages, or causes of action arising from or related to the Released Claims.

26. **Additional Undertakings:** All Parties hereto agree to cooperate fully and execute any and all supplementary documents, and to undertake any and all additional actions, which may be necessary or appropriate to give full force and effect to the basic terms and intent of the Agreement. Time is of the essence in this Agreement, and all transactions contemplated hereby.

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<tr>
<th>Dated: Jul 26, 2023</th>
<th>THE CITY OF SACRAMENTO</th>
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<td>By:</td>
<td>City Manager</td>
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<td>Kevin Johnson</td>
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<td>By:</td>
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<td>JAY SCHENIRER</td>
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EXHIBIT A
AGREEMENT FOR PURCHASE AND SALE OF
REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS
(827 K STREET, SACRAMENTO, CA)

### SUMMARY OF TERMS

<table>
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<tr>
<th><strong>Effective Date:</strong></th>
<th>The date upon which the last party executes this Agreement and delivers it to the other party.</th>
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<tbody>
<tr>
<td><strong>Seller:</strong></td>
<td>HALE BROS. INVESTMENT COMPANY, LLC, a California limited liability company</td>
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</table>
| **Seller's Address:** | 825 K Street, Third Floor  
Sacramento, CA 95814  
Phone No.: (916)442-4600  
Email: paul@petrovichdevelopment.com |
| **Seller’s Counsel:** | John Cox  
825 K Street, Third Floor  
Sacramento, CA 95814  
Phone No.: (916)442-4600  
Email: jcox@petrovichdevelopment.com |
| **Buyer:**          | CITY OF SACRAMENTO, a municipal corporation                                                  |
| **Buyer’s Address:** | City of Sacramento  
Office of the City Manager  
Attention: Howard Chan  
New City Hall  
915 I Street, 5th Floor  
Sacramento CA 95814  
Phone No.: (916) 808-7488  
E-Mail: HChan@cityofsacramento.org |
| **Buyer’s Counsel:** | Leslie Z. Walker  
Senior Deputy City Attorney  
915 I Street, 4th Floor  
Sacramento, CA 95814  
Phone No.: (916) 808-7272  
Email: LWalker@cityofsacramento.org |
| Property: | That certain parcel of land located at 827 K Street in the City of Sacramento, County of Sacramento, State of California, consisting of approximately 19,680 square feet of land area and a constructed building containing approximately 73,098 gross square feet encompassing Assessor’s Parcel Number 006-0097-012-0000 as described in Exhibit A (the “Legal Description”), including, but not limited to, all improvements, buildings, fixtures, streets, alleys, vacated public rights of way abutting the real property, intellectual property, entitlements, easements, rights, privileges, mineral rights, oil and gas rights, water, water rights, development rights, certain leases, certain agreements, and appurtenances, together with Personal Property as defined in this Agreement and as described in the General Assignment and Bill of Sale in Exhibit C (the “General Assignment”). |
| Leases: | Those certain leases described in Exhibit B, attached hereto. |
| Purchase Price: | EIGHTEEN MILLION FIVE HUNDRED THOUSAND & 00/100THS DOLLARS ($18,500,000.00) |
| Contract Fee: | ONE HUNDRED & 00/100THS DOLLARS ($100.00) |
| Closing Date, Close of Escrow, or Closing: | No later than March 31, 2024 |
| Escrow Holder: | Fidelity National Title Company Attn: Paul Avila 8525 Madison Avenue, Suite 110 Fair Oaks CA 95628 Ph.: 916-646-6057 Email: pavila@fnf.com |
| Escrow Instructions: | The instructions shall be issued by Seller and Buyer to Escrow Holder prior to Close of Escrow, in addition to the terms and conditions set forth in this Agreement for Escrow No. 01007135-010-PA. |
| Title Company: | Fidelity National Title Company 8525 Madison Avenue, Suite 110 Fair Oaks CA 95628 |
| Preliminary Title Report: | As set forth in Section 3(c). |
AGREEMENT FOR SALE OF REAL PROPERTY

This Agreement for Sale of Real Property and Joint Escrow Instructions (the “Agreement”), dated June 14, 2023, for reference purposes of identification, is between CITY OF SACRAMENTO, a municipal corporation (the “Buyer”); and the HALE BROS. INVESTMENT COMPANY, LLC, a California limited liability company (the “Seller”) who agree as follows:

Background & Recitals

A. The Seller desires to sell and convey to the Buyer, and the Buyer desires to purchase from the Seller, fee-simple title to the property located at 827 K Street in the City of Sacramento and designated as Assessor Parcel Number 006-0097-012-0000, with all of the Seller’s rights, title, and interest in and to that real property, including all improvements, buildings, fixtures, streets, alleys, vacated public rights of way abutting the real property, Personal Property (as hereafter defined), intellectual property, entitlements, easements, rights, privileges, mineral rights, oil and gas rights, water, water rights, development rights, certain leases, certain agreements, and appurtenances (collectively, the “Property”) as further defined in the Summary of Terms; provided, however, the parties understand and acknowledge that term Property shall not include (nor shall it ever be deemed part of this sale) any (i) personal property and furniture, fixtures, and/or equipment (the “FF&E”) owned by any tenant (excluding tenant under that certain Seller Affiliate Lease, as defined below) of the Property (except to the extent that such FF&E are surrendered to the landlord under the respective Lease) or (ii) Excluded Personal Property, but shall, notwithstanding the definition of Excluded Personal Property, include all FF&E and personal property used in the operation or maintenance of the Property. “Personal Property” shall mean all personal property owned by Seller and used in the operation or maintenance of the subject real property and improvements thereon. “Excluded Personal Property” shall mean any FF&E or personal belongings owned by Seller, any Seller affiliated entity, or any of Seller’s beneficial owners (the “Excluded Personal Property”).

B. Prior to entering into this Agreement, Buyer to its satisfaction initiated review of the Property (“Due Diligence”) in or around December 2022, wherein the Due Diligence included the Buyer (i) consulting with qualified professional consultants concerning the Property; (ii) receiving and reviewing a Preliminary Title Report, with an effective date of December 1, 2022 in which such Preliminary Title Report included hyperlinks to legible copies of all documents referenced therein; (iii) conducting onsite inspections and investigations of the Property; and (iv) receiving and reviewing, to the extent available and within Seller’s control or possession, records related to operations of Property, building and parking plans, environmental reports and studies, building maintenance schedules and expenses (which include, HVAC systems, elevator, and fire monitoring), property tax information, roof report and warranties, as-builts, estoppel certificates, appraisals, and insurance policies including loss reports (the “Seller’s Records”).

C. Except as expressly provided otherwise in this Agreement, Buyer has completed its Due Diligence and satisfied itself with the Property.
D. Seller and Buyer hereby enter into this Agreement for the purposes described above and in accordance with the terms set forth herein:

With these background facts and recitals incorporated into and made a part of this Agreement, the parties agree as follows:

1. Sale and Purchase Price. The Seller shall sell and convey the Property to the Buyer, and the Buyer shall accept and purchase fee-simple title to the Property from the Seller, upon the terms and conditions set forth below. The Purchase Price of the Property is EIGHTEEN MILLION FIVE HUNDRED THOUSAND & 00/100THS DOLLARS ($18,500,000.00).

2. Deposits.

   (a) Contract Fee. On or before three (3) business days from and after the Effective Date, Buyer shall deposit with the Escrow Holder the sum of the Contract Fee in the amount of ONE HUNDRED & 00/100THS DOLLARS ($100.00), which shall be valuable consideration for entering into this Agreement, and it shall be non-refundable in all cases.

   (b) Purchase Price. On or before the twenty-first (21st) business day from and after the Effective Date, Buyer shall deposit with Escrow Holder the Purchase Price. At all times herein, the Purchase Price and any accrued interest thereon shall be non-refundable except in the event of a Seller default or failed Buyer’s condition precedent, and shall be credited against Buyer’s obligation to pay the Purchase Price upon Close of Escrow. Escrow Holder, as hereinafter designated, shall invest the Purchase Price in an interest bearing account with a federally-insured financial institution or such other investment instrument or account as may be designated by Buyer.

3. Escrow. An escrow account (number 01007135-010-PA) to consummate the sale of the Property according to the terms of this Agreement has been opened at the office of Fidelity National Title Company (the “Escrow Holder”), 8525 Madison Avenue, Suite 110, Fair Oaks, California 95628. As soon as practicable after the Effective Date of this Agreement, a copy of it will be deposited with the Escrow Holder. This Agreement may serve in whole or in part as escrow instructions. The issuance of any further escrow instructions shall not be inconsistent with the terms and provisions of this Agreement without Buyer’s prior express written consent. The Escrow Holder will be concerned only with the provisions of this Section 3. The escrow shall be on the following terms and conditions:

   (a) Close of Escrow. The escrow will be closed, and the Buyer will be entitled to possession of the Property on the date that a grant deed conveying the Property from the Seller to the Buyer (the “Grant Deed”) is recorded (the “Close of Escrow” or the “Closing Date”). The escrow will be considered to be in a condition to close when the Escrow Holder is authorized under this Agreement to record the Grant Deed and is otherwise able to do so. The Close of Escrow will occur upon notice to Escrow Holder from both Buyer and Seller of a mutually-acceptable date, provided that (1) Seller shall give Buyer no less than twenty-one (21) days’
notice prior to its proposed Closing Date, and (2) the Closing Date shall be no later than March 31, 2024. Notwithstanding the foregoing, in the event that any replacement property (per 1031 exchange) Seller intends to acquire with sale proceeds fails to consummate after Seller notifies Buyer of proposed Closing Date, Seller may retract such notice prior to scheduled Closing Date; provided, however, in no event shall Close of Escrow ever be extended beyond March 31, 2024.

(b) **Payment of Closing Amounts.** Before the Close of Escrow, the Buyer shall deposit with the Escrow Holder an amount equal to any prorations as provided in this Agreement plus the Escrow Holder’s estimate of the Closing Costs (as defined in Section 3(g) below).

(c) **Preliminary Title Report.** Upon Seller issuing its notice to Close, Escrow Holder shall issue an update to the Preliminary Title Report issued on or about December 1, 2022, which such updated Preliminary Title Report shall include, as applicable, hyperlinks to legible copies of all documents referenced therein. Buyer shall have five (5) business days from receipt of the updated Preliminary Title Report to give Seller written notice (the “Buyer’s Title Notice”) of Buyer’s approval or disapproval; provided, however, Buyer’s disapproval of the Preliminary Title Report shall be solely limited to any material adverse change(s) to the December Preliminary Title Report (including new exceptions). Seller shall, within three (3) days from receipt of Buyer’s Title Notice, shall notify Buyer of any (if any) material change to which Seller is unwilling or unable to have eliminated from title to the Property prior to the Close of Escrow. Notwithstanding the foregoing provisions, Seller, at its sole cost, on or prior to the Closing, shall cause to be eliminated all liens evidencing monetary encumbrances (other than liens for non-delinquent real estate taxes and assessments, and supplemental taxes and assessments). Failure of Buyer to object to such monetary encumbrances shall in no event be deemed a waiver of Buyer’s right to require Seller to eliminate such monetary encumbrances on or before the Closing.

(d) **Title.** The Seller shall execute and deliver to the Escrow Holder a good and sufficient recordable Grant Deed conveying to the Buyer fee-simple title to the Property, free from all liens, charges, encroachments, encumbrances, restrictions, easements, tenancies, and other title defects except (1) a lien to secure payment of current real-estate taxes not delinquent; (2) the lien of current supplemental taxes not delinquent; and (3) exceptions that the Buyer approves or permits in accordance with this Agreement, which such exceptions including those identified in the original December Preliminary Title Report as attached hereto as Exhibit D (collectively, the “Permitted Exceptions”). Notwithstanding anything to the contrary, the Permitted Exceptions shall exclude exceptions 10-18 in the December Preliminary Title Report which Seller shall remove or terminate at Seller’s sole cost and expense.

(e) **Conditions to Close of Escrow.** When all of the conditions to closing that are set forth in this Agreement have been either satisfied or waived by the parties (with the satisfaction or waiver confirmed in writing) and the escrow is ready to close, the Escrow Holder will cause the Grant Deed to be recorded.
(f) **Delivery of Title Policy at Closing.** As a condition to the Buyer’s obligation to close, the Escrow Holder must deliver to Buyer at the closing a CLTA or ALTA standard owner’s policy of title insurance (whichever is issued by the title company), (or, at Buyer’s election an ALTA extended owner’s title policy, so long as Buyer provides the necessary ALTA survey to the Escrow Holder) that is issued as of the date and time of the recording of the Grant Deed, is in the amount of the Purchase Price, contains such endorsements as the Buyer may request, and insures the Buyer as owner of good, marketable, and indefeasible fee-simple title to the Property, subject only to the Permitted Exceptions (the “**Title Policy**”). The Title Policy may be delivered after the Closing Date if, at the Closing Date, the Escrow Holder issues a currently effective, duly executed “marked-up” title commitment or pro forma policy and irrevocably commits in writing to issue the Title Policy in the form of the “marked-up” title commitment or pro forma policy promptly after the Closing Date. The Seller shall deliver to the Escrow Holder any affidavits or other documents reasonably requested by the Escrow Holder to issue the Title Policy to the Buyer.

(g) **Escrow Fees and Expenses.** As used in this Agreement, the term “**Closing Costs**” means all costs of escrow and closing, including, but not limited to, the cost of any escrow fees, the charge for preparation of escrow documents, city and/or county transfer taxes, recording costs, any affordable housing fee, the cost of the Title Policy, any title endorsements, and all other similar costs incurred as part of the Close of Escrow. Buyer shall be responsible for paying all Closing Costs pertaining to this transaction.

(h) **Commission.** Buyer and the Seller each warrant that they have not dealt with any real estate brokers, agent or finder in connection with this transaction. Each party agrees to defend, indemnify, and hold each other harmless for any claim for commission, finder’s fee or other compensation arising from the act of the indemnifying party. Each party’s obligations under the previous sentence shall survive Closing for a period of one (1) year.

(i) **Proration and Costs.** All real estate taxes and all personal property taxes due and owing as of the Closing Date, and all penalties and interest thereon, shall be paid by Seller. Current real estate taxes, special assessments and personal property taxes which are not yet due and owing shall be prorated based upon the most recent tax bill, so that the portion of current taxes allocable to the period from the beginning of such tax year through the Closing Date shall be charged to and paid by Seller and the portion of the current taxes allocable to the portion of such tax year from the Closing Date to the end of such tax year shall be charged to and paid by Buyer.

(j) **Rental Income.** Notwithstanding the foregoing, the parties hereby acknowledge and agree that Seller reserves (1) rental income from the Property due and payable in calendar year 2023 (the “**2023 Rental Income**”); and (2) any delinquent rents attributable to any period prior to the Closing Date, both of which shall be retained by Seller, and Buyer shall have no claim thereto and no responsibility of any kind with respect thereto. Seller may take all appropriate collection measures (including litigation if deemed by Seller to be necessary
or desirable), except that Seller may not seek to terminate any such tenant’s continued occupancy and full use of its premises under such tenant’s lease. Any rents to which Buyer is entitled to under the terms of this Agreement that are actually and indefeasibly received by Seller after the Closing Date shall be promptly paid to Buyer by Seller within thirty (30) days of actual receipt, less actual costs of collection. Any rents to which Seller is entitled to under the terms of this Agreement that are actually and indefeasibly received by Buyer after the Closing Date shall be promptly paid to Seller by Buyer within thirty (30) days of actual receipt, less actual third-party costs of collection. Buyer shall be credited, as against the Purchase Price, with any unapplied security deposits made by tenant(s) under any Agreements to be Assigned. The terms of this Section 3(j) will survive the Close of Escrow for a period of one (1) year thereafter and will not merge into the Grant Deed.

(k) **Standard Escrow Instructions.** For those escrow matters not specifically addressed herein, the Escrow Holder’s standard escrow instructions will apply. If there is a conflict between this Agreement and the Escrow Holder’s standard escrow instructions, then this Agreement will control.

(l) **Actions by Escrow Holder.** On the Closing Date, provided that each of the conditions to each party’s obligations has been satisfied or waived, and subject to authorization from Seller and Buyer to proceed to closing, the Escrow Holder will undertake and perform the following acts in the following order:

1. record the Grant Deed in the Official Records of Sacramento County and obtain a conformed copy of the recorded Grant Deed for delivery to the Buyer;
2. pay any transfer taxes;
3. instruct the Sacramento County Clerk-Recorder to return the recorded Grant Deed to the Buyer;
4. distribute to Seller, its 1031 Exchange Intermediary (if any), or as Seller may instruct, current funds in payment of the Purchase Price (including any deposit), as adjusted by prorations and other payments or deductions as set forth on Seller’s executed closing statement;
5. deliver to Buyer (A) a conformed photocopy of the recorded Grant Deed, (B) the original executed Non-Foreign Affidavit, and (C) the original executed California Tax Certificate; and (D) an original counterpart of the General Assignment, substantially in the form attached hereto as Exhibit C (Form General Assignment); and (E) any other documents required under this Agreement;
6. deliver to the Seller an original counterpart of the General Assignment; and
(vii) issue to Buyer and the Seller final escrow closing statements reflecting the foregoing and all prorations between the Buyer and the Seller as instructed in this Agreement.

4. Additional Conditions to Buyer’s Obligations. The Close of Escrow and the Buyer’s obligations to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following additional conditions (or the Buyer’s waiver of the conditions) on or before the dates designated below for the satisfaction of the conditions or on or before the Close of Escrow in the absence of a specified date:

(a) **Title Insurance.** Upon the Close of Escrow, the Escrow Holder must have irrevocably committed to issue the Title Policy to the Buyer in the amount of the Purchase Price and subject to only the Permitted Exceptions. In the event that Escrow Holder cannot and/or has not irrevocably committed to the Title Policy, Seller, as its cure right under Section 5, shall have the right to designate an escrow company of its choosing so that a Title Policy, as required under this Agreement, is issued, subject to satisfaction of each of the following: (i) the replacement escrow and title company (the “Replacement Escrow Holder”) shall be a nationally-recognized company that will provide a title policy of equal or greater coverage and value than that of the original Escrow Holder, (ii) the preliminary title report (or equivalent) issued by the Replacement Escrow Holder shall be treated as an updated Preliminary Title Report under Section 3(c) for all purposes, (iii) it shall be an additional Buyer’s condition precedent that Buyer shall, within five (5) business days after receipt of a pro forma Title Policy from the Replacement Escrow Holder, have approved of such pro forma Title Policy (which approval shall not be unreasonably withheld), and (iv) Close of Escrow will not be extended beyond March 31, 2024.

(b) **The Seller’s Obligations.** Upon the Close of Escrow, the Seller must have timely performed all of its obligations under this Agreement.

(c) **The Seller’s Representations.** Upon the Close of Escrow, the representations and warranties made by the Seller to the Buyer in this Agreement must be true and correct.

(d) **Material Adverse Change.** There has been no material adverse change in, or addition to, the information or items reviewed and approved by the Buyer during its Due Diligence, and there has been no materially adverse modification of, or addition to, any of the matters that are disclosed in or on the Preliminary Title Report or that otherwise affect title to the Property.

(e) **Condition of Property.** The physical condition of the Property must be substantially the same at the Close of Escrow as on the Effective Date of this Agreement. The parties hereto understand and agree that Seller’s removal of its Excluded Personal Property shall not be considered a substantial change to the condition of the Property, provided that (i) Seller removes the Excluded Personal Property in a good workmanlike manner, and (ii) Seller
repaired any damage to the Property arising from such removal prior to the Close of Escrow; provided, however, Seller shall not be obligated to repaint, fill nail holes, clean carpets, or repair and minor damage or issues due to ordinary wear and tear.

(f) **Legal Parcel.** The Property must be a legal parcel before the Close of Escrow; neither the Buyer nor the Seller may waive this condition.

(g) **Leases; Seller Affiliate Lease.** Except for that certain Office Lease, dated November 11, 2011, as amended, by and between Seller and Seller’s affiliate, PDOC, LLC, a California limited liability company, (the “**Seller Affiliate Lease**”) which shall terminate, at Seller’s sole cost, six (6) months from Close of Escrow, but in no event, regardless of Close of Escrow date, later than March 31, 2024, as more particularly provided in Section 10(f), Buyer and Seller have agreed that Seller and all tenants shall continue to use and maintain their respective premises pursuant to their respective leases.

(h) **Estoppel Certificates.** As specified in Section 10(e), Seller shall provide Estoppel Certificates to Buyer for all tenants subject to the Leases. If any Estoppel Certificate claims that there is a default by the Seller under the respective tenant lease, Seller shall have opportunity to cure such default prior to Close of Escrow, provided that Seller shall deliver a revised Estoppel Certificate no later than three (3) business days prior to the Close of Escrow and Buyer shall have until the Close of Escrow to review and approve such revised estoppel certificate.

If any of the conditions set forth in Section 4 above are not timely satisfied or waived by Buyer on or before the Closing, then subject to the terms of Sections 5 and 12(c) of this Agreement (if applicable), Buyer may elect to terminate this Agreement by written notice thereof to Seller. Upon delivery of any such termination notice, this Agreement shall terminate, except for any provisions that expressly survive the termination of this Agreement, the parties shall have no further rights or obligations under this Agreement. Notwithstanding anything to the contrary, in the event of any termination by Buyer under this Section 4, the Purchase Price shall be held by Escrow or as directed by a court of competent jurisdiction (so long as that the Purchase Price is held by an independent third party) until any resolution of any dispute (pursuant to the provisions of Section 12(c)) between Buyer and Seller is reached or upon issuance of any final court judgement (subject to all rights of appeal).

5. **Notice and Cure Period.** Notwithstanding any other provision in this Agreement to the contrary, both parties shall be entitled to five (5) business days’ notice and opportunity to cure before being in default under this Agreement, provided that (i) such opportunity to cure may be extended to ten (10) business days if such additional time is reasonably necessary and the breaching party has commenced curing within the initial five (5) business day period, and (ii) unless otherwise agreed by the parties in writing, in no event shall Closing be extended as a result of any such notice and cure period. For avoidance of doubt, this Agreement may not be terminated, nor shall any remedy be enforced, under any provision set forth herein, unless and until the non-breaching party has issued notice and allowed for breaching party to cure in accordance with this Section 5.
6. **Release and Indemnification of Seller.** Because the Buyer has been afforded access to the Property to conduct tests and investigations, because the Buyer has been afforded access to any information the Seller has relating to the Property, and because the Buyer has been afforded the opportunity to examine the Property and documents relating to the Property to the Buyer’s satisfaction, so that the Buyer may perform and rely upon its own independent investigation of the condition of the Property, the Buyer hereby releases and shall completely indemnify, defend, protect, and hold harmless the Seller and the Seller’s officers, employees, and agents from and against any and all claims, damages, liens, suits, causes of action, legal or administrative proceedings, fines, penalties, judgments, demands, obligations, costs, liabilities and losses and expenses (including without limitation, reasonable attorneys’ fees) for property damage or personal injury to the extent solely caused by the activities on the Property of Buyer or Buyer’s Representatives; provided, however, except for Hazardous Substances (as defined below) that Buyer or its duly authorized representative discovered or could have reasonably discovered during its Due Diligence, Buyer shall not be obligated to defend or indemnify Seller, nor to repair any damage caused in whole or part by any one or more of the following: (i) the discovery of any Hazardous Substances; (ii) a pre-existing condition in, on or about the Property; (iii) the spread of Hazardous Substances already present on the Property despite the use of reasonable care; or (iv) the negligence or willful misconduct of Seller or its agents. As used in this Agreement, “Hazardous Substances” shall mean any flammable explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances and other related materials, including, without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal, state or local laws or regulations. Nothing in this Section 6 shall supersede or limit Buyer’s rights or remedies with respect to any express representations and warranties made by Seller in this Agreement.

7. **The Buyer is Purchasing the Property in its “As-Is; Where-Is” Existing Condition.** Except as expressly set forth in this Agreement, the Buyer acknowledges that the Seller and the Seller’s officers, employees, and agents have not and do not make any representation or warranty to the Buyer concerning the Property, including representations or warranties regarding the suitability of the Property for the Buyer’s intended use; the Property’s compliance with federal, state, or local statutes, ordinances, rules, regulations, and other law (including those relating to toxic or hazardous wastes, materials, or substances); the accuracy of Due Diligence Materials; or the need for land-use entitlements. The Buyer shall perform and, except as expressly set forth in this Agreement, rely solely upon its own independent investigation concerning the Property and the Property’s compliance with any applicable law. The Buyer acknowledges that it is acquiring the Property subject to all existing statutes, ordinances, rules, regulations, and law, and that neither the Seller nor any of the Seller’s officers, employees, or agents has made any warranties, representations, or statements regarding any statutes, ordinances, rules, regulations, or other law of any governmental or quasi-governmental body, entity, district, or agency having authority over the use, condition, or occupancy of the Property.

Buyer further acknowledges and agrees that except as expressly set forth in this Agreement (A) Buyer has not relied on any representations, warranties or promises of Seller, or anyone acting for
or on behalf of Seller; (B) all of the matters concerning the Property have been independently verified by Buyer to its full satisfaction, or will be independently verified by Buyer to its full satisfaction prior to the Closing Date, (C) Buyer hereby acknowledges that Seller’s Records (as previously provided to Buyer) may include copies of documents prepared by third parties and Seller has provided the true and correct copies of such Seller’s Records that are within Seller’s possession; that Seller has not taken any independent investigation as to the truth, accuracy or completeness of such Seller’s Records; and, except as provided in Section 8, that Seller expressly disclaims any liability for any and all defects or deficiencies contained therein; (D) Buyer shall purchase the Property based on its own independent inspection and examination thereof; and (E) BUYER SHALL PURCHASE THE PROPERTY WITH THE PROPERTY IN ITS “AS-IS; WHERE-IS” CONDITION INCLUSIVE OF ALL FAULTS AND DEFECTS AS MAY EXIST ON THE DATE ON WHICH THE DUE DILIGENCE PERIOD EXPIRES AND IN ITS “AS-IS; WHERE-IS” STATE OF REPAIR INCLUSIVE OF ALL FAULTS AND DEFECTS AS MAY EXIST ON SUCH DATE.

Buyer’s Initials: H.C.

8. The Seller’s Representations and Warranties. In consideration of the Buyer entering into this Agreement, the Seller makes the following representations and warranties, which will survive the closing and not be deemed to have merged into the Grant Deed or other instrument of closing:

(a) The Seller is a limited liability company duly organized and existing under its charter and the laws of the state of California, is authorized to do business in the state of California, and it is duly authorized to execute and perform its obligations under this Agreement. The Seller’s performance of those obligations will not violate any materials terms of its organizational documents or any contract to which it is bound. The Seller has taken all requisite action in connection with the entering into this Agreement, the instruments referenced in this Agreement, and the consummation of the transaction contemplated by this Agreement. The individual who signs this Agreement on behalf of Seller and the instruments referenced in this Agreement has the legal power, right, and actual authority to bind the Seller to their terms and conditions.

(b) To the best of Seller’s knowledge, the Seller has not received and is not aware of any notification from the building department, health department or other city, county, or state authority having jurisdiction, alleging any violation of applicable laws or requiring any work to be done on or affecting the Property. The Seller further warrants that if it receives any such notice or notices before the Closing Date, then it will promptly provide the Buyer with copies of the notice or notices.

(c) To the best of Seller’s knowledge: (i) the Seller has not received written notice of any pending condemnation, eminent-domain, or similar proceedings that affects the Property, and no such proceedings are contemplated; (ii) the Seller has not received written notice from any governmental authority regarding existing violations of environmental laws or any other laws applicable to the Property; (iii) the Seller has not received written notice of any action, suit, quasi-judicial or administrative proceeding, or arbitration affecting the Property
or Seller’s obligations under this Agreement that is pending in any court or any governmental
or quasi-government authority; (iv) the Seller has no actual knowledge of any threatened or
pending action, suit, or proceeding that is against or affects all or any portion of the Property;
that relates to, or arises out of, the ownership, management, development, proposed
development, or operation of the Property; or that would affect the Seller’s ability to
perform its obligations under this Agreement.

(d) To the best of Seller’s knowledge, the Seller has no outstanding contracts for any
improvements to the Property that have not been fully paid for.

(e) The Seller is not a foreign person and is a “United States person” as that term is defined
in the Internal Revenue Code of 1986 (26 U.S.C. § 7701(a)(30)).

(f) The Seller owns fee title to the Property; has not previously sold, transferred, or
conveyed the Property; and has not entered into any executory contracts for the sale of the
Property (other than this Agreement).

(g) Except the Leases (previously disclosed herein), at the Close of Escrow, there will be no
other leases or agreements (whether oral or written) in effect that affect or relate to the
rights of any person or entity with respect to the possession of the Property or any portion
of the Property.

(h) To the best of Seller’s knowledge, there are no encumbrances or liens against the
Property, including, but not limited to, actual or impending mechanics’ liens against the
Property, options, mortgages or deeds of trust, other than those set forth in the Preliminary
Title Report.

(i) The Leases are in full force and effect and Seller, as landlord, is entitled to assign its
interest in the Leases with respect to the Property, to Buyer. To best of Seller’s knowledge:
(i) neither Seller, as landlord, nor the tenant under the Leases are in default under the Leases
and there exists no known condition or circumstance or written notice of any condition or
circumstance which, with the passage of time, would constitute a default by either Seller, as
landlord, or the tenants under the Leases; (ii) there is no rent credit, tenant improvement
allowance or other similar amount or credit owing to the tenants under the Leases; (iii) no
party is entitled to occupancy of any portion of the Property except for the tenant under the
Leases; and, (iv) no leasing or brokerage commissions are or will be payable with respect to
the Leases after the Closing and there are no existing leasing or brokerage commission
agreements that will be binding on Buyer after the Closing.

(j) Prior to the Effective Date, Seller has delivered to Buyer all documents within its
possession related to (i) title, (ii) books and records related to operations of Property,
including without limitation, building and parking plans, environmental reports and studies,
soils reports, building maintenance schedules and expenses, property tax information, roof
report and warranties, maintenance schedules for the HVAC systems and elevators, property
condition or building inspection reports, warranties, ADA reports and studies, notices regarding hazardous substances or materials, notices of default or violation, permits and licenses, plans and specifications, as-builtts, estoppel certificates, appraisals, operational contracts, surveys, insurance policies including loss reports, and prior litigation affecting the Property, (iii) leases and lease-related documents and materials to the extent they are currently in the Seller’s possession or under the control of the Seller, and (iv) and without limiting the foregoing, the copies of any documentation regarding Skyslope’s termination of its lease and subsequent extension and amendment thereto (if any), and a copy of the Seller Affiliate Lease (the “Due Diligence Materials”).

(k) All of the Due Diligence Materials furnished or made available to Buyer in accordance with this Agreement that were created by Seller or to which Seller is a party, are true, accurate and complete, and have not been in any respect amended, modified or supplemented. All of the Due Diligence Materials delivered to Buyer are all of the documents and materials relating to the Property which are in Seller’s possession or under its control.

(l) The list of personal property as provided in under Section 10(g) is a true and complete inventory of all personal property currently used in the operation or maintenance of the Property, and to Seller’s knowledge, there is no other personal property that has historically been necessary or reasonably convenient for the operation or maintenance of the Property except as set forth on such list.

(m) Seller warrants that Paul S. Petrovich is the party most knowledgeable about the Property.

For purposes of this Agreement, any reference to Seller’s knowledge or best of Seller’s knowledge shall mean to the actual and present knowledge of Paul S. Petrovich.

Seller shall promptly notify Buyer in writing if any of the representations and warranties of Seller set forth in this Agreement are no longer true and correct as of the Closing. If Buyer discovers any facts or circumstances that render any of Seller’s representations and warranties materially incorrect or materially inaccurate, Buyer shall promptly notify Seller in writing of such facts or circumstances, and Seller shall have the opportunity to cure in accordance with Section 5. If any of Seller’s representations and warranties ceases to be materially true and correct then the applicable notice and cure period, Buyer may elect to terminate this Agreement or to proceed to Closing. In the event Buyer terminates under this Section 8, the Purchase Price shall be held by Escrow or as directed by a court with competent jurisdiction (so long as that the Purchase Price is held by an independent third party) until any resolution of any dispute (pursuant to the provisions of Section 12(c), if applicable) between Buyer and Seller is reached or upon issuance of any final court judgement (subject to all rights of appeal).

9.  The Buyer’s Representation and Warranties. In consideration of the Seller entering into this Agreement, the Buyer makes the following representations and warranties, which will survive the closing and not be deemed to have merged into the Grant Deed or other instrument of closing.
(a) Buyer is a charter municipal corporation in the state of California and is duly authorized to execute and perform its obligations under this Agreement and such performance will not violate its charter, City Code, or any contract to which it is bound. All requisite action (including, but not limited to, approval of City Council) has been taken by Buyer in connection with the entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated hereby. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Buyer, and the officials or designees of Buyer, if any, have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement.

(b) This Agreement has been duly authorized and executed by Buyer and, upon delivery to and execution by Seller, shall be a valid and binding agreement of Buyer.

(c) Excepting Seller’s representations set forth in this Agreement and Seller’s fraud, Buyer, in purchasing the Property, shall do so on the basis of its own investigation of the Property including, without limitation, the physical, environmental, economic, and legal condition and all other aspects of the Property and, Buyer is not relying upon any other representations or warranties made by Seller or anyone acting or claiming to act on Seller’s behalf concerning the Property.

(d) Except for any additional due diligence and investigation rights, Buyer has conducted its Due Diligence, and Buyer assumes the risk that any adverse matter may not have been revealed in this Agreement or by Buyer’s investigation.

(e) Notwithstanding Seller’s Representations and Warranties set forth in Section 8, Buyer hereby represents that (i) it has constructive knowledge of any and all notices it issues (if any) to Seller in Buyer’s governmental capacity, and (ii) Buyer hereby acknowledges and approves of such notices. In no event shall any Buyer notice to Seller constitute a default under any provision of this Agreement including, but not limited to, Seller’s Representations and Warranties.

10. Covenants; Seller Conduct Prior to Close of Escrow. Prior to the Close of Escrow, Seller, hereby agrees to the following:

(a) Seller shall not take any of the following actions without the prior written consent of Buyer, which consent shall be in Buyer’s sole discretion: (i) except for the Seller Affiliate Lease as provided in Section 10(f), enter into, extend or otherwise materially modify or terminate any leases, contracts, guaranties, permits, licenses, warranties, options or agreements, including, without limitation, service, operating, maintenance, management or other agreement whatsoever affecting the Property that Seller cannot discharge or otherwise remove on or before the Closing; (ii) cause any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon the Property that Seller cannot discharge or otherwise remove on or before the Closing; (iii) permit any mortgage, deed of
trust or other lien to be foreclosed upon due to Seller’s actions or omissions, including failure
to make a required payment or failure to obtain the consent of a beneficiary under any deed
of trust and/or mortgagee; (iv) undertake any material modification or material
improvements of any kind upon the Property or any portion thereof, except as may be
required under the Leases or routine maintenance of the Property; (v) use, produce, treat,
store, release, transport or dispose of any Hazardous Substances on the Property, except as
permitted by law (and Seller shall promptly notify Buyer of any such activities); or (vi) violate
or fail to comply with its material obligations under the Leases.

(b) From the Effective Date until the Close of Escrow or earlier termination of this
Agreement, Seller shall not solicit or accept any back-up offers for the purchase of the
Property.

(c) Seller agrees to advise Buyer as soon as practicable if Seller (i) acquires knowledge of
any suit, action, arbitration, legal, administrative or other proceeding or inquiry, pending or
threatened against the Property or relating to Seller which would prevent Seller’s ability to
perform its obligations under this Agreement, (ii) acquires actual knowledge of any material
damage, destruction, or condemnation proceedings to any portion of the Property, (iii)
acquires actual knowledge of the filing of a petition of bankruptcy under the Federal
Bankruptcy Code by or against any tenant or guarantor under the Leases, (iv) receives any
written notice from a governmental entity of a claim that the Property does not materially
comply in all respects with any law, ordinance, rule or regulation, including any
environmental law, and (v) receives any written notice from any tenant or guarantor under
the Lease, alleging any monetary or material nonmonetary default under the Leases.

(d) From and after the Effective Date until the Close of Escrow, upon thirty (30) days written
notice from Buyer’s counsel, Buyer and/or Buyer’s third-party consultants and contractors
(collectively: “Buyer’s Representatives”), Buyer at its sole cost and expense, may enter upon
the Property during the business week and at times that are mutually agreeable to Seller and
Buyer to inspect the Property; provided, however, Buyer’s right to inspect the Property shall
be limited to one (1) inspection every forty-five (45) day period, provided that Buyer may
also inspect the Property following a Seller default and, notwithstanding the timing of any
previous inspection, five (5) business days after the Effective Date, and five (5) business days
prior to Closing. Prior to entry onto the Property to perform any inspection pursuant to this
Section 10(d), each of Buyer’s representatives entering onto the Property, shall have
obtained and shall keep in force during the term of their work at the Property a policy or
policies of commercial general liability insurance providing for a combined single limit of not
less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence and aggregate, covering
liability to property or persons for its activities on or about the Property and naming Seller
as an additional insured. A certificate of insurance shall be delivered to Seller prior to entry
onto the Property by Buyer’s Representatives. If the Property is damaged directly by any of
Buyer’s Representatives’ activities pursuant to this Agreement, Buyer, at Buyer’s sole cost
and expense shall promptly repair such damage to the same material condition at the time
immediately preceding such entry by Buyer. Seller agrees that Buyer may satisfy its insurance
requirements under this paragraph by submitting a letter of self-insurance to Seller. Notwithstanding the foregoing, Buyer understands and acknowledges that Seller and tenants operate businesses from and/or maintain their offices at the Property. As such, any inspection by Buyer shall be conducted in a manner to not unreasonably interfere or disturb Seller’s and/or tenants’ businesses and operations.

(e) Within thirty (30) days from the Closing Date, Seller shall have obtained and delivered to Buyer a tenant estoppel certificate dated no earlier than thirty (30) days prior to the Closing Date from each tenant under the Leases, in form and substance as required under the Leases, or if the Leases do not provide a form, in form and substance reasonably acceptable to the Buyer (the “Estoppel Certificate”); provided, however, Buyer is aware that the tenant under the WI-Fl Wireless Lease, as further described in Exhibit B, operates under a month-to-month tenancy, and, in the event Seller is not able to obtain a tenant executed estoppel for such tenant, Buyer shall accept, as satisfactory, a Seller executed estoppel, which shall affirm the same or similar terms that are provided in a typical tenant form estoppel and shall be treated as a Seller representation and warranty that survives Close of Escrow. Unless the applicable Lease obligates the tenant to deliver an Estoppel Certificate, Seller shall not be obligated to issue updated estoppels for (i) Bank of America ATM, (ii) Ultimate Wireless, or (iii) WI-Fl Wireless, but in such case, Seller shall, as part of Seller’s Close of Escrow Notice to Buyer, represent and warrant to Buyer that there is no existing default under such tenant leases and that there are no outstanding obligations (including the payment of rent) due or unsatisfied and also affirm the same or similar terms that are provided in a typical tenant form estoppel, with such representation and warranty surviving Close of Escrow. Seller shall provide an updated Estoppel Certificate for SkySlope no less than thirty (30) days from Close of Escrow.

(f) At least twenty-five (25) days prior to the Closing Date, Seller shall deliver to Buyer for Buyer’s approval (which approval shall not be unreasonably withheld), a form of amendment to the Seller Affiliate Lease providing that the Seller Affiliate Lease shall terminate six (6) months from Close of Escrow, but in no event, regardless of Close of Escrow date, later than March 31, 2024 at no cost to Buyer (whether as the Buyer under this Agreement or as successor landlord under the Seller Affiliate Lease) (the “Seller Affiliate Lease Termination”). Seller shall deliver the duly-executed Seller Affiliate Lease Termination to Buyer no later than five (5) days prior to the Closing Date.

(g) On the Effective Date, Seller shall deliver to Buyer a detailed inventory of all FF&E and other personal property that are not Excluded Personal Property.

11. **Mutual Cooperation.**

(a) **Property Maintenance.** In order for Buyer to maintain the Property following Close of Escrow, Seller agrees to reasonably cooperate, as required with Buyer in providing information regarding the routine maintenance of the Property (as needed).
(b) **Rental Income.** Buyer shall, at no material cost, burden, or liability to itself, reasonably cooperate with Seller's efforts to collect 2023 Rental Income, which shall include, without limitation, assigning any and all rights to Seller that are reasonably necessary for it to collect such debts and providing any and all correspondence, documents and other information reasonably necessary to assist in such efforts (but excluding privileged information and documents exempt from the California Public Records Act). Conversely, Seller shall, at no material cost, burden, or liability to itself, reasonably cooperate with Buyer necessary to enforce the terms of any lease.

(c) **Excluded Personal Property.** Seller shall notify Buyer of its intentions and/or plans to remove the Excluded Personal Property. All Excluded Personal Property must be removed before the expiration of six (6) months from the Close of Escrow, but in no event, regardless of Close of Escrow date, later than March 31, 2024. For the avoidance of doubt, the Excluded Personal Property may only be stored on the premises leased under the Seller Affiliate Lease and in locations controlled by Seller or not otherwise occupied by any other tenant of the Building to the extent reasonably acceptable to Landlord, and subject to any reasonable conditions as may be required by Landlord.

The terms of this Section 11 will survive the Close of Escrow for a period of one (1) year thereafter and will not merge into the Grant Deed.

12. **Miscellaneous.**

(a) **Additional Documents.** The Buyer and the Seller shall execute such other documents and instruments as may be reasonably requested by the other party or the Escrow Holder in connection with the conveyance of the Property consistent with the provisions of this Agreement.

(b) **Reservation of Rights.** Seller understands and agrees that no entitlement, building permit, approval, or other regulatory action is being taken, promised, implied, or granted by Buyer pursuant to this Agreement. Buyer shall have no obligation whatsoever to exercise its legislative and discretionary municipal land use or other regulatory authority in any particular manner to benefit Seller. Buyer, acting as a government agency with municipal land use and other regulatory authority, makes no commitment or representation under this Agreement with respect to entitlements or other regulatory approvals or actions and reserves all of its municipal regulatory authority and discretion in reviewing any future entitlements or applications for governmental approvals. Nothing in this Agreement shall be construed as a waiver, limitation, or restriction on Buyer’s obligations and powers as a governmental agency. This subsection shall prevail in the event of any conflict or ambiguity with any other provision in this Agreement.

(c) **Default and Disputes.** Any controversy, claim, default, litigation, or enforcement of terms arising out of this Agreement or a breach of this Agreement (including any claim for attorney’s fees) will be subject to the parties’ rights and remedies under applicable law and
equity. For purposes of clarity, and without modifying or limiting the rights and remedies of the Parties pursuant to this Agreement, in the event of a material breach or default hereunder resulting in the termination of this Agreement, the non-defaulting party may, after any applicable notice and cure period, in accordance with and subject to California law, elect to seek either specific performance of the Agreement or actual damages, if any.

(d) **Tax Deferred Exchange.** Buyer agrees to reasonably cooperate with Seller’s efforts in effecting one or more like-kind tax-deferred exchanges pursuant to Section 1031 of the Internal Revenue Code, as amended; such cooperation to include, without limitations, executing documents reasonably requested by the exchanging party provided there shall be no delay in the Closing Date beyond extensions expressly approved in writing by Buyer and Seller (if any) and provided further that such exchange shall be at no cost to the cooperating party who shall not be required to assume any additional liabilities or obligations nor assume any personal liability as a result of any such exchange. The cooperating party hereby disclaims any responsibility for the qualification of the transactions contemplated by this Agreement as a tax-deferred exchange under Internal Revenue Code Section 1031, as amended, and the exchanging party agrees that the cooperating party shall not be liable for any tax liability, interest or penalties arising thereunder by virtue of the cooperating party’s cooperation in the consummation of any such exchange.

(e) **Authority of Signatories.** Each party to this Agreement warrants to the other that it is duly organized and existing; and each signatory to this Agreement represents to the other party that it has full right and authority to enter into and consummate this Agreement and all related documents.

(f) **Binding Effect.** This Agreement is binding on, and inures to the benefit of, the parties to this Agreement and their heirs, personal representatives, successors, and assigns, except as otherwise provided in this Agreement.

(g) **Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be deemed an original, and all of which will together constitute one and the same instrument. The parties agree that this Agreement may be executed with electronic signatures.

(h) **Waiver.** A party’s failure to insist on strict performance of this Agreement or to exercise any right or remedy upon the other party’s breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A party’s waiver of the other party’s breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in writing and signed by the waiving party.

(i) **Interpretation.** This Agreement is to be interpreted and applied in accordance with California law, except that the rule of interpretation in California Civil Code section 1654 will not apply. “Include” and its variants are terms of enlargement rather than of limitation.
For example, “includes” means “includes but not limited to,” and “including” means “including but not limited to.” Exhibits A, B, and C are part of this Agreement.

(j) Loss & Destruction. The Uniform Vendor and Purchaser Risk Act set forth in California Civil Code Section 1662 and its provisions governing the allocation of risk of loss governs this transaction except where a contrary result is specified in this Agreement. Civil Code Section 1662 states as follows:

Any contract hereafter made in this State for the purchase and sale of real property shall be interpreted as including an agreement that the parties shall have the following rights and duties, unless the contract expressly provides otherwise: (a) If, when neither the legal title nor the possession of the subject matter of the contract has been transferred, all or a material part thereof is destroyed without fault of the purchaser or is taken by eminent domain, the vendor cannot enforce the contract, and the purchaser is entitled to recover any portion of the price that he has paid; (b) If, when either the legal title or the possession of the subject matter of the contract has been transferred, all or any part thereof is destroyed without fault of the vendor or is taken by eminent domain, the purchaser is not thereby relieved from a duty to pay the price, nor is he entitled to recover any portion thereof that he has paid. This section shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states which enact it. This section may be cited as the Uniform Vendor and Purchaser Risk Act.

(k) Notices. Any notice or other communication under this Agreement must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this Section 12(k) to the persons identified below. A notice or other communication that is mailed will be effective or will be considered to have been given on the third day after it is deposited in the U.S. Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered or when delivery is rejected by either Buyer or Seller. A party may change its address for these purposes by giving written notice of the change to the other party in the manner provided in this Section 12(k).

[Remainder of Page Intentionally Left Blank]
If to the Seller:
Hale Bros. Investment Company, LLC
Attn: Paul Petrovich
825 K Street, 3rd floor
Sacramento, CA 95814
Email: paul@petrovichdevelopment.com

With copies to:
Hale Bros. Investment Company, LLC
Attn: John M. Cox
825 K Street, 3rd Floor
Sacramento, CA 95814
E-Mail: jcox@petrovichdevelopment.com

Smith McDowell & Powell
Attn: C. Jason Smith
100 Howe Ave, Suite 208
Sacramento, CA 95825

If to the Buyer:
City of Sacramento
Attn: Howard Chan
915 I Street, 5th Floor
Sacramento CA 95814
E-Mail: HChan@cityofsacramento.org

With a copy to:
City of Sacramento
Attn: City Attorney's Office; Leslie Z. Walker
915 I Street, 4th Floor
Sacramento, CA 95814
E-Mail: LWalker@cityofsacramento.org

(I)  **No Joint Venture.** This Agreement does not create a joint venture, partnership, or other relationship between the parties.

(m)  **No Third-Party Beneficiary.** This Agreement is solely for the benefit of the Seller and the Buyer. It is not intended to benefit any person or entity that is not a party.

(n)  **Partial Invalidity.** If a court with jurisdiction holds any nonmaterial provision of this Agreement to be invalid, void, or unenforceable, then the other provisions will remain in full force.

(o)  **Survival of Provisions.** Notwithstanding any provisions of this Agreement to the contrary, this Agreement will survive the close of escrow and will not merge into the Grant Deed, and the covenants, representations, warranties, and obligations in this Agreement will survive the recording of the Grant Deed for the periods set forth in this Agreement.

(p)  **Attorneys’ Fees.** The prevailing party in any litigation regarding the interpretation of, breach and/or performance by either party under this Agreement shall be entitled to all reasonable attorneys’ fees, costs and expenses, including expert witness fees.

(q)  **Time of Essence.** Time is of the essence of this Agreement. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. (Pacific Time) on such date or dates. References to “days” shall refer to calendar days except if such references are to “business days” which shall refer to days which are not a Saturday, Sunday or holidays (as defined in California Government Code Section 6700) (a “**Non-Business Day**”). In the
event that any date specified in this Agreement falls on a Non-Business Day, such date shall be
deemed to be the succeeding business day.

(r) **Entire Agreement.** The Settlement Agreement and this Agreement and the attached exhibits
constitute the entire agreement between the parties relating to the sale of the Property. Any prior
agreements, promises, negotiations, or representations not expressly set forth in this Agreement are
of no force and effect. Any amendment to this Agreement must be in writing and signed by the
parties.

(s) **Defined Terms.** Any capitalized terms not defined otherwise shall have the meaning set forth
in the Summary of Terms.

(t) **Miscellaneous.** Each provision of this Agreement is severable from any and all other provisions
of this Agreement. Should any provision of this Agreement be for any reason unenforceable, the
balance shall nonetheless be of full force and effect. The parties to this Agreement agree that this
Agreement is the product of joint draftsmanship and negotiation and that should any of the terms
be determined by a court, or in any type of quasi-judicial or other proceeding, to be vague,
ambiguous and/or unintelligible, that the same sentences, phrases, clauses or other wordage or
language of any kind shall not be construed against the drafting party in accordance with California
Civil Code Section 1654, and that each such party to this Agreement waives the effect of such
statute.

[Signatures on Next Page]
IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions as of the date of last signature shown below.

T COMPANY, LLC,
CITY OF SACRAMENTO,
a municipal corporation

By: Paul S. Petroush, Manager

Dated: June 26, 2023

Approved as to Form
By: John M. Cox
Title: General Counsel

CITY OF SACRAMENTO,
a municipal corporation

By: Howard Chan, City Manager

Dated: Jul 26, 2023

Approved as to Form
Senior Deputy City Attorney
By: Leslie Walker
Title: Senior Deputy City Attorney

Attest:
Assistant City Clerk
By: Mindy Cuppy
Title: City Clerk
EXHIBIT “A”
Legal Description of Property

Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

ALL OF LOT 5 AND A PORTION OF LOT 6 IN THE BLOCK BOUNDED BY 8TH AND 9TH, "J" AND "K" STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICE PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF SAID 9TH STREET WITH THE NORTH LINE OF SAID "K" STREET; THENCE FROM SAID POINT OF BEGINNING, ALONG THE NORTH LINE OF SAID "K" STREET, NORTH 71° 52’ 28" WEST 123.31 FEET; THENCE NORTH 17° 59’ EAST 160.86 FEET TO A POINT ON THE SOUTH LINE OF A TWENTY FOOT ALLEY; THENCE ALONG THE SOUTH LINE OF SAID TWENTY FOOT ALLEY SOUTH 71° 54’ 46" EAST 123.30 FEET TO A POINT ON THE WEST LINE OF SAID 9TH STREET; THENCE ALONG THE WEST LINE OF SAID 9TH STREET SOUTH 17° 59’ 10" WEST 160.934 FEET TO THE POINT OF COMMENCEMENT.

APN: 006-0097-012-0000
EXHIBIT “B”
Property Lease Agreements

1. Office Lease, dated November 11, 2011, as amended, by and between PDOC, LLC, a California limited liability company (“Tenant”) and Hale Bros. Investment Company, a California limited liability company (“Landlord”)


4. ATM Lease, dated September 18, 2013, as amended, by and between Bank of America, National Association, a national banking association (“Tenant”), and Hale Bros. Investment Company, LLC, a California limited liability company (“Landlord”)

5. WI-FI Wireless Lease, dated May 19, 2014, by and between Wayport, LLC d/b/a AT&T Wi-Fi Services (“Tenant”) and Hale Bros. Investment Company, LLC, a California limited liability company (“Landlord”)
GENERAL ASSIGNMENT

This General Assignment is made with reference to that certain Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions (the "Agreement") with a reference date of June 14, 2023, in which the seller is the Hale Bros. Investment Company, LLC, a California limited liability company (the "Seller"), and the buyer is City of Sacramento, a municipal corporation (the "Buyer"). The Agreement provides the terms and conditions upon which the Seller shall sell, and the Buyer shall purchase, certain real property and improvements (the "Property") located at 827 K Street, Sacramento, CA 95814, the legal description of which is set forth on Exhibit A attached hereto and incorporated herein by reference.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby assigns to the Buyer and the Buyer’s successors and assigns all of the Seller’s right, title, and interest in and to any intangibles related to the Property arising out of, or in connection with, the ownership, management, and operation of the Property, including but not limited to all claims and causes of action, governmental permits, use permits, warranties, guarantees, indemnities, rights and claims (including but not limited to those for workmanship, materials, and performance), and contract rights related to the Property or used in connection with the ownership and operation of the Property. Expressly included from this General Assignment is the 2023 Rental Income as defined in the Agreement.

The effective date of this General Assignment is the date on which a deed is recorded in the Official Records of Sacramento County, California, conveying the Property from the Seller to the Buyer. This General Assignment is governed by and is to be construed and interpreted in accordance with, the laws of the State of California.

(Signature page follows)
IN WITNESS WHEREOF, the undersigned have caused this General Assignment to be duly executed and delivered on the date set forth below.

HALE BROS. INVESTMENT COMPANY, LLC,
Californian Investment Company

By: __________________________
    Paul S. Petrovich, Manager

Dated: June 26, 2023

Approved as to Form

By: __________________________
    John M. Cox
Name: John M. Cox
Title: General Counsel

CITY OF SACRAMENTO,
a municipal corporation

By: __________________________
    Howard Chan, City Manager

Dated: July 26, 2023

Approved as to Form

By: __________________________
    Leslie Walker
Name: Leslie Walker
Title: Senior Deputy City Attorney

Attest:

Assistant City Clerk

By: __________________________
    Mindy Cuppy
Name: Mindy Cuppy
Title: City Clerk
EXHIBIT B
Settlement and Release Agreement: Exhibit B (Playfields Sign and Plaque):

Specifications
Cabinet - D/F fab. Aluminum painted
PMS 449c Dark Green
Corner & Cladding - Fab. Aluminum painted
SW 6258 “Tricorn Black”
Graphics - FCO .25 Aluminum w/ painted surfaces.
Colors - Satin PMS 117c Gold / Satin White.

NOTE: Fence to be modify by Others

Client Approval Date
Landlord Approval Date

United Sign Systems requires that an “Approved” drawing be obtained from the client prior to any production release or production release revision.

Client Review Status  Mitg. Note  Revision Date  Project Information

Client: Petrovich Family Playfields
Contact:
Address: Crocker Drive
City/ST/Zip: Sacramento, CA
Phone:
Fax:
Sales: M0  Designer: WR

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**Sign B - S/F Metal Plaque**  
**Specifications**  
**Scale:** 3"=1'-0"  
**S/F Gemini cast Bronze plaque w ¼" beveled edge.**  
**Mounting:** Attached to existing fence.

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**United Sign Systems requires that an “Approved” drawing be obtained from the client prior to any production release or production release revision.**

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**SIGN SYSTEMS**

The Industry Leader for Over 25 Years!

**SINCE 1995**
Petrovich Family Playfield

In Honor of Alexander John “Pete” Petrovich

May 7, 1920 – December 14, 1989

Honoring the Petrovich Family, this Playfield acknowledges the significant contributions of Paul and Cheryl Petrovich, the developers of Crocker Village, a 72-acre former Brownfield site, and a significant contributor to the development of the City of Sacramento for over four decades. Paul Petrovich is the devoted and proud son of military Veteran Alexander John “Pete” Petrovich, himself the son of Croatian immigrants and recipient of a Bronze Star for his valiant leadership on the battlefields during World War II, which included landing on Normandy Beach in France on D-Day, leading his troops to safety during the Battle of the Bulge through a treacherous mine field, and guiding his troops during the initial liberation of the Dachau Concentration Camp in Poland. As a true American hero, Pete’s courage and values instilled a sense of determination, excellence, and integrity in his son Paul, leaving a lasting impact on Sacramento.
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### SITE PLAN

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**Specifications**

- **12 Volt**: 277 Volt
- **City/ST/Zip**: Sacramento, CA
- **Phone**: [Contact Information]
- **Fax**
- **Address**: Crocker Drive
- **Sales**: MO
- **Designer**: WR

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U.L. Listed
Signs to be manufactured to U.L. Specifications a-d
bear the U.L. Label.
The sign is intended to be installed
in accordance with the requirements of Article 600 of the
National Electrical Code and other applicable local codes.
This includes proper grounding and bonding of the sign.

Electrical Circuits
Customer to provide primary dedicated electrical circuits
with a separate ground to the electrical panel. L.E.D.
Electronics to have a separate dedicated "2CV complete
circuit (no shared neutral). Common ground to electrical
panel acceptable.

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property of Pacific Neon Company and are not to be
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California Title 24 Compliant
Settlement and Release Agreement: Exhibit D (Joint Statement):

The City of Sacramento and the Petrovich Development Company and its affiliated entities have reached a mutually beneficial resolution to the lawsuits filed against the City related to the Crocker Village development.

The settlement resolves three outstanding lawsuits involving the City’s denial of a conditional use permit to construct a fuel station in Crocker Village.

The legal settlement is here.

“Litigation over a Crocker Village fuel center has been ongoing for nearly seven years, and it has required a significant amount of time and resources from all the involved parties,” the City and the Petrovich Development Company said in a joint statement. “We are glad to have reached a mutually beneficial resolution over this particular project proposal. Crocker Village is an important redevelopment project for Sacramento, and its housing, retail, commercial and recreational amenities provide a benefit to everyone who lives in our city.”

Petrovich’s Crocker Village redevelopment project transformed a contaminated brownfield site in the Curtis Park neighborhood by bringing in a 90-unit senior affordable housing development, approximately 200 single family homes, 200,000 square feet of commercial development and a 1.2-acre public park. The project is celebrated for being a large-scale, mixed-use urban infill development based on smart growth principles.
Settlement and Release Agreement: Exhibit E (City Apology):

The City of Sacramento and Paul Petrovich have reached a mutual agreement to resolve disputes arising from the Crocker Village project following nearly eight years of litigation. The City issues this formal apology as part of the resolution.

In 2015, Mr. Petrovich applied for, and the City denied, a conditional use permit for a Safeway fuel station proposed to be located adjacent to the existing railyard in the most southwest corner of the 72-acre Crocker Village mixed-use development project. A fuel center at the requested location requires a conditional use permit. City staff recommended, and the Planning Commission approved, a conditional use permit for the fuel center, but a third-party appealed the approval to the City Council.

Following the Planning Commission approval and the third-party appeal, the City Council conducted a hearing and denied the conditional use permit. Thereafter, Mr. Petrovich sued the City, and both the Sacramento County Superior Court and Court of Appeal, Third Appellate District of California determined that Mr. Petrovich was denied a fair hearing. Specifically, the City Council members were obligated to act as impartial arbiters and to make a determination based on the written and oral record presented at the hearing, but the Court concluded that now former Councilmember Schenirer did not. In response to Mr. Petrovich’s Public Records Act request, the City produced emails and text messages. In ruling that Mr. Petrovich did not receive a fair hearing, the Court of Appeal, Third Appellate District of California stated that emails containing talking points in opposition to the project prior to the hearing on appeal demonstrated that “Councilmember Schenirer acted as advocate, not a neutral and impartial decisionmaker, and should have recused himself from voting on the appeal.” The Appellate Court published this decision, which now serves as precedent for establishing thresholds for personal bias in California. The City apologizes to Mr. Petrovich for conducting an unfair hearing.

The City further acknowledges Mr. Petrovich’s contentions in his lawsuit that following the denial of the conditional use permit, he believes the Crocker Village project faced significant unfair treatment, which he asserts severely negatively impacted his health, family, reputation, and business. While the settlement expressly provides that the agreement shall not be considered an admission of liability or responsibility, the City nonetheless regrets the deterioration of the decades long positive relationship Mr. Petrovich had with the City prior to the litigation.

The City sincerely thanks Mr. Petrovich and his family for their substantial contributions to the City of Sacramento and surrounding area. The City recognizes that Mr. Petrovich has dedicated more than four decades to infill development and his vision initiated the renaissance of the R Street Corridor in 2002. The development brought a Safeway store and was a catalyst for the subsequent residential and commercial developments in mid-town that continue today. In total, the Petrovich Family invested and developed four separate projects, two of which were mixed use, in a two-block radius.

More than 20 years ago, the Petrovich family undertook the Crocker Village project which with its many challenges, at the time, was one of the most contaminated privately-owned Brownfields in the United States. Mr. Petrovich dedicated half of his career to remediating this 72-acre property and bringing it to residential standards – the highest level of clean up that can be achieved. This came at significant personal and financial risk. After nearly 15 years of remediation, Crocker Village construction commenced, and since 2019 the project has received numerous national awards, such as Community of the Year, Home of
the Year across all home types, Redfin’s designation as the 6th best place to live in the United States and, most recently, the prestigious 2023 Commercial Development of the Year Awards from Co-Star and LoopNet. Mr. Petrovich also developed a full-service grocery store in the heart of Del Paso Heights to eliminate a long-standing need for accessible grocery services. Mr. Petrovich is primarily an infill developer and has developed and invested in over 70 projects in areas throughout the region in substantial need of growth and community.

The R Street Corridor, Crocker Village and his developments in Del Paso Heights are just a few examples of the numerous significant contributions the Petrovich family has made to Sacramento. The City regrets the deterioration of the relationship and disputes that consumed significant time and resources on behalf of both Mr. Petrovich and the City. The City looks forward to an improved relationship with Mr. Petrovich moving forward, and to continuing to work together for the betterment of Sacramento in the future.