

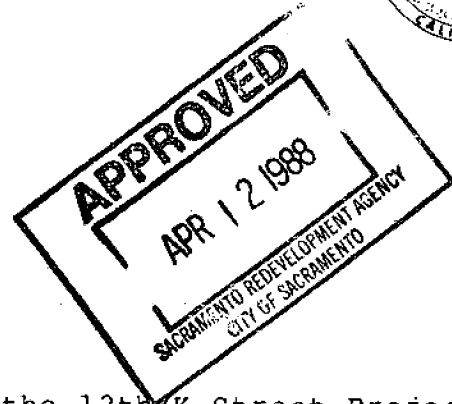
Agency Rpt
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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



April 6, 1988



Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Development Agreement for the 12th/K Street Project

SUMMARY

This report regards a development agreement with the developers of the proposed mixed-use project located on the north side of K Street between 12th and 13th Streets.

Staff is recommending adoption of the attached resolution authorizing the Executive Director to enter into the Agreement.

BACKGROUND

In January 1988, Agency staff was contacted by Robert Lankford and John V. Diepenbrock about a proposed 240,000 square foot office project 410 space parking garage and 7,200 of commercial retail. The Project is being planned for the area on K Street between 12th and 13th Streets.

Agency and City Planning staffs have met with Mr. Lankford and Mr. Diepenbrock several times to discuss the proposed project. As a result of those meetings, the Agency staff has prepared a development agreement for the acquisition of certain properties and the construction of the proposed project. The agreement would be between the Agency and 1215 K Partners, a partnership consisting of Lankford and Cook, a California corporation, Robert V. Lankford, William H. Cook, John V. Diepenbrock, Glenn R. Fantazia, David Taylor and Robert Wurl.

The development agreement states as follows:

1. The Redeveloper would use its best efforts to acquire, directly or through California Association of Hospitals and Health Systems ("CAHHS"), the two remaining properties at J and K Streets required for the project.

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
April 6, 1988
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2. If the Redeveloper failed to acquire the properties by the date the environmental impact report is certified for the proposed project, the Redeveloper would deposit a letter credit for 150 percent of the appraised fair market value of the properties with the Agency and the Agency would adopt a resolution authorizing the Executive Director to negotiate the purchase of the properties.
3. The properties would be transferred to the Redeveloper or CAHHS within fourteen (14) days after the Agency obtained title to them.
4. All the costs associated with the purchase of the properties would be paid by the Redeveloper.
5. The proposed project would be required to be reviewed and approved by the City Planning Commission and Design Review Board.
6. After the transfer of the properties to the Redeveloper and entitlements and permits for the project have been obtained from the City, the project would be constructed as approved by the Agency within fifteen (15) months.

Since the proposed project is within the Incentive Zone, it is the type of project the Agency hoped would follow from the Agency's efforts in the Merged Sacramento Downtown Redevelopment Area.

FINANCIAL DATA

The proposed project would cost \$30,000,000 to construct. The estimated tax increment to the Agency would be approximately \$375,000 per year. There would be no financial contribution to the project from the Agency.

ENVIRONMENTAL REVIEW

The actual project is not being approved as part of the proposed agreement with the Agency. The planning entitlements and the environmental review for the proposal are being processed by the City. Thus, it is not necessary to complete an environmental review of the proposal at this time. However, the EIR for the project would be certified before the Agency adopts a resolution authorizing the Executive Director to offer to purchase the properties.

STATE OF TEXAS

COUNTY OF DALLAS

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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POLICY IMPLICATIONS

This project is consistent with the Merged Sacramento Downtown Redevelopment Plan and Urban Design Guidelines. There are no major policy implication; however, it should be noted that this project is located in the cultural/entertainment district and the developers have agreed to explore an entertainment component as part of the project.

VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its regular meeting of April 11, 1988, the Sacramento Housing and Redevelopment Commission will adopt a motion recommending approval of the attached resolution. In the event they fail to do so, you will be notified prior to your meeting of April 12, 1988.

RECOMMENDATION

The staff recommends the adoption of the attached resolution which authorizes the Executive Director to execute a development agreement with 1215 K Partners.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR

TRANSMITTAL TO COUNCIL:

Walter J. Slupe

WALTER J. SLUPE
City Manager

Contact Person: Thomas V. LEE

154WPP1(513)

DEPARTMENT OF AGRICULTURE

UNITED STATES GOVERNMENT

WASHINGTON, D. C.

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RESOLUTION NO. 88-035

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

April 12, 1988

DEVELOPMENT AGREEMENT
FOR THE 240,000 SQUARE FOOT OFFICE PROJECT
ON K STREET BETWEEN 12TH AND 13TH STREETS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

1. The Executive Director is authorized to execute the Development Agreement attached hereto as Exhibit "A" between the Redevelopment Agency and 1215 K Partners.

CHAIR

ATTEST:

SECRETARY

154WPP1(514)





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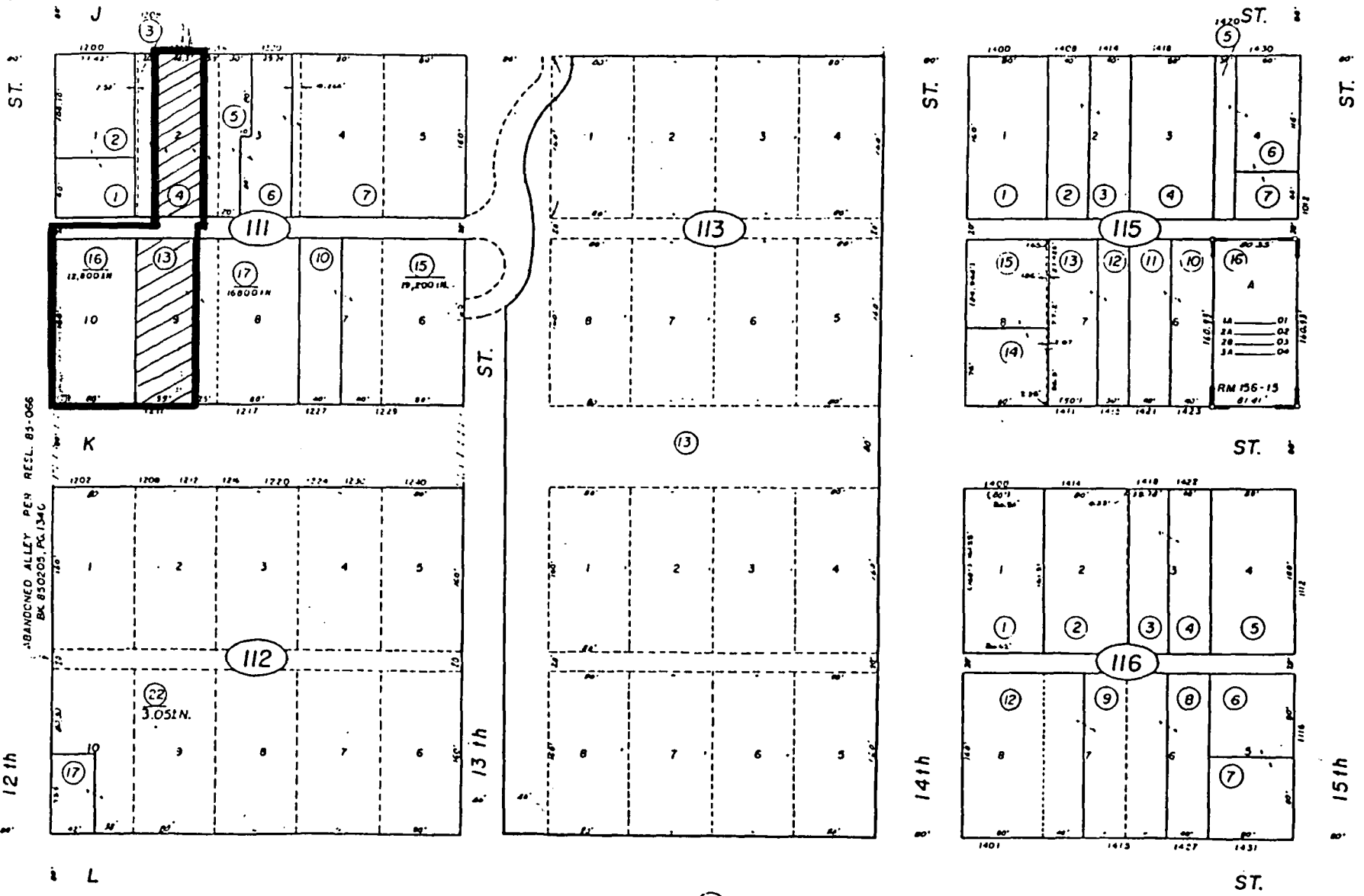
PROPOSED PROJECT SITE
SUBJECT PARCELS

OLD CITY

Tax Area Code

6-11

(28)



ATTACHMENT 1

1421 "K" Street, a condominium, R.M. Bk. 156 Pg. 15 (2-29-84)

Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

CITY OF SACRAMENTO
Assessor's Map Bk. 6 - Pg 11
County of Sacramento, Calif.



RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

April 12, 1988

DEVELOPMENT AGREEMENT
FOR THE 240,000 SQUARE FOOT OFFICE PROJECT
ON K STREET BETWEEN 12TH AND 13TH STREETS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

1. The Executive Director is authorized to execute said Development Agreement attached hereto as Exhibit "A" between the Redevelopment Agency and 1215 K Partners hereby approved.

CHAIR

ATTEST:

SECRETARY

154WPP1(514)

DEVELOPMENT AGREEMENT

The REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ("Agency") and 1215 K Partners, a California partnership, ("Redeveloper") enter into this Agreement, which includes Attachments 1 through 5 attached, on the terms and provisions set forth below.

THE AGENCY AND THE REDEVELOPER HEREBY AGREE AS FOLLOWS:

I. PREDEVELOPMENT PERIOD

The Redeveloper, in association with the California Association of Hospitals and Health Systems, a California nonprofit corporation ("CAHHS"), intends to acquire the parcels of real property described on Attachment 1 (the "Property") for the purpose of developing and constructing the commercial office building described in Paragraph V, below (the "Development"). The Redeveloper intends to organize the Property and construct and complete the Development in accordance with the Schedule of Performance set forth in Attachment 2. Redeveloper intends to acquire fee title to the Property, or cause CAHHS to acquire such fee title and ground lease the Property to Redeveloper. The Property is within the Merged Downtown Sacramento Redevelopment Project Area, which is under the jurisdiction of the Agency. Certification of the environmental impact report for the Development will be completed prior to adoption of a Resolution Establishing Just

Compensation (the "Resolution") for the Property by the Agency.

II. REDEVELOPER

A. The Redeveloper is 1215 K Partners, a California partnership, composed of the following partners:

- 1. Lankford & Cook, a California corporation whose shareholders are William H. Cook and Robert Lankford.
- 2. William H. Cook
- 3. Robert Lankford
- 4. John V. Diepenbrock
- 5. Glenn R. Fantazia
- 6. David Taylor
- 7. Robert Wurl

Additional persons or entities may become a shareholder of Redeveloper or obtain an interest in or joint venture with Redeveloper or become a principal of Redeveloper with respect the Project, or Redeveloper may transfer its interest and rights under this Agreement to a partnership in which it is a general partner, provided Agency approves in writing any such change in partner or joint venture participants, which approval shall not be unreasonably withheld, and shall not be withheld if Redeveloper, or William H. Cook or Robert Lankford, together or singly retain a 50% or more interest in the Development.

B. The principal offices of the Redeveloper are located at:

11020 White Rock Road, Suite 100
Rancho Cordova, CA 95670

C. Redeveloper's attorney will be:

John V. Diepenbrock
DIEPENBROCK, WULFF, PLANT & HANNEGAN
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

D. Redeveloper's architect is Hellmuth, Obata and Kassabaum, Inc. Redeveloper's building contractor and engineer will be designated by Redeveloper. The Redeveloper will obtain prior written approval of the contractor by the Agency, which approval will not be withheld if the contractor is, in Redeveloper's reasonable opinion, financially sound and has experience in the construction of commercial buildings.

E. Redeveloper shall make full disclosure to the Agency of all of its principals, officers, stockholders, partners and joint venturers, having an interest in the Development.

F. Redeveloper may change any of the persons or entities referred in subparagraph D, if the Agency approves in writing notice any such change, which approval shall not be unreasonably withheld if the person or entity is experienced and reputable in the area in question.

III. REDEVELOPER'S FINANCIAL CAPACITY

A. The aggregate net worth of the individuals comprising 1215 K Partners exceeds \$40,000,000.00. This net worth together with construction and permanent financing tentatively offered by several prospective lenders on the basis of already committed leases of more than 80,000 square feet of space in the Development, provides ample assurance that the Development will be financed and that construction will proceed and be completed on schedule. Redeveloper will notify the Agency of its final financing arrangements when such arrangements, including loan commitments, are made. Redeveloper will not commence construction of the Development until that time.

B. Redeveloper will make and maintain full disclosure to the Agency of the methods and sources of financing and/or generation of equity capital to be used in the Development and specifically including any change, whatsoever in information set forth in this Section III.

IV. REDEVELOPER'S EXPERIENCE

A description of the development experience of Redeveloper's principals is contained in Attachment 3.

V. REDEVELOPER'S PROPOSED DEVELOPMENT

A. Attached hereto as Attachment 4 is Redeveloper's Development Concept, which is a narrative description of the general scope of the Development.

B. Attached hereto as Attachment 5 is Redeveloper's Architectural Concept which is a site plan of the Development. Final design and architecture of the Development will be developed during the life of this Agreement. Redeveloper shall submit to the Agency for approval and final plans and specifications for the Development for Agency in accordance with the Schedule of Performance, which approval shall not be withheld if the Development as described in such plans and specifications are in substantial conformity to the Development Concept and Architectural Concept. If Agency does not notify Redeveloper of its objections to the plans and specifications in writing within fifteen (15) days after delivery of the plans and specifications to the Agency, the plans and specifications shall be deemed approved by the Agency. Redeveloper may modify the Development Concept and Architectural concept from time to time and shall give the Agency notice of any such modification. The Agency will not unreasonably withhold its consent to any such modification.

VI. CALIFORNIA ENVIRONMENTAL QUALITY ACT

The California Environmental Quality Act is applicable to the Development. Upon Agency request, Redeveloper shall supply data and information both to determine the environmental impact of the Development on the environment and to assist in the preparation of environmental impact reports or supplements to the environmental impact reports if Agency is required to take any such action. Redeveloper shall

coordinate and obtain the environmental review for the Development.

VII. ACQUISITION OF PROPERTY BY REDEVELOPER

Redeveloper shall use its best efforts to purchase the fee simple title to the Property, or cause such purchase to be made by CAHHS, within the time limits of the Schedule of Performance attached hereto as Attachment 2.

VIII. ACQUISITION AND DISPOSITION OF THE PROPERTY BY AGENCY

A. Acquisition of Property.

If the Redeveloper and/or CAHHS is unable to obtain fee simple title to the Property from the owners of the Property before the date specified in the Schedule of Performance attached hereto as Attachment 2 (the "Redeveloper's Purchase Date") on terms satisfactory to Redeveloper, the Agency shall use its best efforts to acquire the Property in accordance with the terms of this Agreement. The foregoing shall not obligate the Agency to use its powers of eminent domain without a hearing conducted in accordance with California Code of Civil Procedure 1245.210, et seq. The Agency shall convey the Property to the Redeveloper in accordance with the provisions of this Paragraph VII. The Agency will adopt the Resolution and make an offer to purchase the Property from the owners within 60 days after the Redeveloper's Purchase Date if the Redeveloper has not purchased the Property.

B. Draw for Acquisition.

The Agency shall draw on the letter of credit ("Letter of Credit") described in subparagraph C, below, for the purpose of acquiring the Property. The amount of the draw on the Letter of Credit ("Acquisition Cost") shall be the amount necessary for Agency to acquire the Property and to pay all necessary direct costs incurred in connection therewith, including, without limitation, escrow, title and related fees as set forth in Subparagraph I of this Paragraph VII, payment of fees of attorneys for independent counsel retained by Agency with respect to actions and transactions and other ordinary and necessary expenses with respect to such proceedings, and any and all other direct costs to the Agency including for any relocation expenses under Government Code Sections 7260 et seq.

C. Letter of Credit.

Before the Agency adopts the Resolution, Redeveloper shall post with the Agency an unconditional, irrevocable Letter of Credit in the sum of ONE HUNDRED FIFTY PERCENT (150%) of the appraised value of the Property as security for the Acquisition Cost for the Property. The appraised value shall be that set forth in the appraisals prepared by R. E. Stover. Redeveloper shall increase the sum of the Letter of Credit within three (3) days after notice by Agency to do so, if the Acquisition Cost is more than the amount of the Letter of Credit. The Letter of Credit shall provide that the Agency may draw thereon for funds for the acquisition of the Property. Agency's right to withdraw from

the Letter of Credit shall be exclusive. The amount of the Letter of Credit shall be reduced by the Acquisition Cost upon acquisition of the Property by the Agency and the balance of the Letter of Credit shall be eliminated.

D. Conveyance.

In accordance with and subject to all the terms, conditions and covenants of this Agreement, Agency agrees to sell the Property to Redeveloper, and Redeveloper agrees to purchase the Property from Agency, for a purchase price equal to the Acquisition Cost within fourteen (14) days after Agency obtains title to the Property.

E. Deed.

The Agency shall convey to the Redeveloper the Property by one or more grant deeds (the "Deed"). Said conveyance of title shall be subject to:

- (a) The Redevelopment Plan, and any amendments subsequent to this Agreement approved by the Agency and the Redeveloper;
- (b) Current real property taxes and assessments; and
- (c) Applicable building and zoning laws and regulations; and
- (d) Easements and rights-of-way of record or in existence as of the date of recordation of the Deed; and
- (e) Any other matters acceptable to Redeveloper.

F. Title Insurance.

At the time of conveyance of title of the Property to Redeveloper, and as a condition of such conveyance, Agency shall provide Redeveloper with an A.L.T.A. Standard Form Owner's Policy of title insurance issued by Escrow Agent,

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together with such endorsements as Redeveloper may request in the amount of the purchase price for the Property, in favor of the Redeveloper, insuring that title to the Property is vested in favor of Redeveloper. Said policy shall have as exceptions only the items listed in Subparagraph E, above.

G. Escrow.

The Agency and the Redeveloper shall open escrow for transfer of the Property in accordance with this section with Chicago Title Company ("Escrow Agent") at its office located at 2201 K Street, Sacramento, California, within three (3) business days after acquisition of title to such Property by Agency. Agency and Redeveloper shall provide joint escrow instructions for the escrow which are consistent with this Agreement. The Agency shall promptly deposit the Deed in escrow, and the Redeveloper shall promptly deposit in escrow all fees, premiums, costs or other charges payable under this Agreement. Agency and Redeveloper shall execute and deliver to the Escrow Agent all documents, including escrow instructions, required to be executed or delivered prior to the close of escrow.

H. Delivery of Deed.

Except as provided herein, Agency shall prepare, execute and deliver to Escrow Agent, prior to close of escrow, the Deed in form sufficient to convey fee simple title to the Property to Redeveloper. The Escrow Agent shall record said documents in accordance with the escrow instructions, if title to the Property can be vested in the Redeveloper, if the Redeveloper can receive the title insurance policy described

above, and if all the terms and provision of this Agreement which are conditions precedent to such transfer have been met, unless waived by the party benefitted by the condition. Agency and Redeveloper agree to and shall deliver to Escrow Agent all documents necessary for the conveyance of said title in conformity with and within the times specified in this Agreement.

I. Escrow Charges and Title Insurance Premiums.

Redeveloper shall pay to the Escrow Agent all fees, charges, and costs required by the Escrow Agent related to the escrow, including all title insurance premiums charges and costs. Said fees, charges, and costs shall include, without limitation, the following:

- (a) The entire escrow fee;
- (b) The premium for the title insurance policy for the Property including all endorsements;
- (c) Costs necessary to place the title to the Property in the condition for conveyance required by the provisions of this Agreement;
- (d) Cost of drawing the Deed;
- (e) Recording fees, if required by law;
- (f) Notary fees;
- (g) Any State, County or City documentary stamps or transfer tax; and
- (h) All general and special taxes then due.

J. Apportionment of Current Taxes.

Current general and special taxes shall be apportioned between the transferor and transferee as of the

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date of the delivery of the Deed. Redeveloper shall assume all general and special taxes which may be or become liens on the Property.

K. Possession Prior to Title.

Possession of the Property shall be delivered to the Redeveloper as soon as available to Agency but in any event no later than the conveyance of fee simple title to Redeveloper.

L. Relocation Assistance.

If the Redeveloper acquires the Property under this Paragraph VII, the Redeveloper shall be responsible for all costs of relocation of existing businesses, and residential tenants at the time of acquisition of the property in accordance with Government Code Sections 7250 et seq., and for the demolition of the existing structures on the Property upon approval by the City of Sacramento and for compliance with the California Environmental Quality Act. The Agency shall take any actions authorized by law to accomplish the foregoing relocation and demolition in an expeditious manner, subject to Redeveloper's obligations to pay the costs of relocation and demolition.

IX. CONSTRUCTION OF DEVELOPMENT

A. Construction.

Redeveloper shall construct or have constructed the Development, pursuant to preliminary and final plans and

specifications approved by Agency. Such construction shall be commenced and completed by Redeveloper in accordance with the Schedule of Performance attached hereto as Attachment 2.

B. Site Preparation and Improvements.

The Redeveloper shall be responsible for all work for the Development on all portions of the Property at the Redeveloper's sole cost and expense.

C. Local Hire.

Redeveloper shall use reasonable efforts to hire, or cause to be hired, for no less than fifty percent (50%) of the cost of the work relating to direct labor of the Development, local contractors and subcontractors with permanent places of business within the County of Sacramento. To the extent that labor for any portion of the Development is not available within the County, such portion shall not be included in determining the said percentage. Agency shall have the right to approve the computations as described in the foregoing sentence.

D. Bonds.

Prior to adoption of the Resolution or commencement of construction of the Development, whichever first occurs, the Redeveloper, or its contractor, shall obtain performance bonds and a labor and materials payment bonds for the Development. Said Bonds shall be in forms substantially the same as American Institute of Architects Form A311 and shall secure faithful performance of the terms of the contract for construction of the Development, and secure payment of all labor and material suppliers and subcontractors for the work

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of this Agreement. The bonds shall be written with a surety listed as acceptable to the federal government on its most recent such list of sureties.

E. Liquidated Damages.

If the Redeveloper should default upon its obligation to commence construction of the Development in the time contemplated by this Agreement, making it necessary for the Agency to terminate this Agreement, the resulting damages suffered by the Agency would be uncertain. Such damages would involve variable factors including the costs of the Agency's staff in conjunction with this Development; the impact upon the progress of the redevelopment of other properties in the area; and the failure to the Agency to effect its purposes and objectives within a reasonable time, resulting in additional immeasurable damage and loss to the Agency and the community. It is impracticable and extremely difficult to fix the amount of such damages to the Agency, but the Agency is of the opinion, upon the basis of all information available to it, that such damages would be approximately \$25,000. Therefore, the Agency and the Redeveloper agree in advance that the said sum shall be paid to the Agency upon the occurrence of a default in the commencement or completion of construction of the Development as liquidated damages and not as a penalty, except as otherwise provided herein. The foregoing shall be the Agency's only remedy in the event of default.

In the event that this subsection should be held to be void for any reason, the Agency shall be entitled to the full extent of damages otherwise provided by law.

Initials: Redeveloper _____ Agency _____

X. INDEMNITY AND HOLD HARMLESS

The Redeveloper shall indemnify and hold harmless the Agency and its employees from any claims, liability, or damages arising directly or indirectly from any activities by the Redeveloper in carrying out this Agreement. Such indemnity shall include the Agency's or its employee's court costs or attorney's fees.

XI. LIABILITY INSURANCE

A. Coverage.

The Redeveloper shall obtain and maintain, and shall require the contractor and subcontractors to purchase and maintain, such insurance as will protect it from the following claims which may result from the construction of the Development by the Redeveloper, any contractor, subcontractor or anyone directly or indirectly employed by any of them, or any anyone for whose acts any of them may be liable:

- (a) Claims under workers' compensation benefit acts;
- (b) Claims for damages because of bodily injury, occupational sickness or disease, or death of his employees;
- (c) Claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees;

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- (d) Claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the Redeveloper, or (2) by any other person;
 - (e) Claims for damages, other than to the Development itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
 - (f) Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and
 - (g) Claims for contractual liability arising from the Redeveloper's obligations under this Agreement.

B. Liability Insurance Policy Limits.

The insurance required by this Agreement shall be written for not less than the following limits of liability:

- (a) Worker's Compensation in the State: Statutory Limits as set forth in Article 1 (commencing with section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code. Employer's Liability: Not less than \$2,000,000.
- (b) Commercial General Liability, Occurrence Form, Coverages A, B, and C: with a policy limit not less than \$1,000,000 aggregate limits.
- (c) Comprehensive Automobile Liability for any vehicle used for or in connection with the work (owned, nonowned, hired, leased): \$1,000,000.

C. Builder's "All Risk" Insurance.

Redeveloper shall obtain and maintain, or require its contractor to obtain and maintain at all times during the course of construction Builder's Risk Insurance for protection against all loss of, or damage to, the Development or materials, on-site and off-site, to be used in the construction of the Development to their full insurable value.

Said Builder's Risk Insurance shall name the Agency as a loss-payee as its interest may appear, and all subcontractors as their interests may appear. Said insurance shall include fire and extended coverage and "all risk" insurance for physical loss or damage including without duplication of coverage, theft, vandalism and malicious mischief and excepting flood and earthquake damage. The Redeveloper shall be responsible for materials stored on-site or in transit unless supplied by Agency and shall obtain and maintain similar insurance for any of the materials not otherwise covered by the said "all risk" insurance. Said insurance shall have a maximum deductible of TWENTY-FIVE THOUSAND DOLLARS (\$25,000).

The Redeveloper shall obtain and maintain such equipment insurance as required by the contractor or by law which insurance shall insure the interests of the Agency, the Contractor and all subcontractors in said work as their interest may appear.

D. Insurance Provisions.

The Redeveloper shall name the Agency as named insured on all insurance policies, except the worker's compensation policy. If the Agency gives prior written consent, the Redeveloper may name the Agency as an additional insured on said insurance policies. Agency shall have the right to arbitrarily withhold such consent.

E. Each policy of insurance required under this Agreement shall be obtained from a provider licensed to do business in California and having not less than a Best's

Insurance Guide current rating of A-XV and shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

F. The Redeveloper shall provide to Agency certificates of said insurance prior to commencing on-site construction work on the Development and shall provide to Agency the policies of said insurance as soon as available.

G. If Redeveloper fails to maintain any insurance required by this Agreement, the Agency shall have the right to purchase the insurance and Redeveloper shall promptly reimburse the Agency the full cost of such insurance.

XII. GOVERNMENTAL APPROVAL OF DEVELOPMENT

Nothing in this Agreement shall be construed to constitute the Agency's approval of the Development in derogation of the authority of any other governmental agency. The Redeveloper and Agency agree that the Development shall be subject to the jurisdiction and approval of the City of Sacramento Planning Commission and Design Review Board, in addition to any other governmental agencies (other than the Agency) having any authority or obligation to review or approve the Development. Except as otherwise expressly provided herein, the Agency shall have no authority over the Development other than its general authority under State of California redevelopment law.

XIII. OTHER PROVISIONS

A. Obligation to Refrain from Discrimination.

There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, race, color, religion, national origin, marital status or ancestry in the sale, lease, sublease, transfer, use occupancy, tenure or enjoyment of the Development, nor shall the Redeveloper itself or any person claiming under or through it establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees.

B. Taxes, Assessments, Encumbrances and Liens.

Without prejudice to the right of the Redeveloper to protest or appeal the determination or imposition of taxes, the Redeveloper shall pay when due all real estate taxes and assessments assessed and levied upon the Development or arising from this Agreement for the duration of this Agreement.

C. Notices, Demands and Communications between the Parties.

Written notices, demands and communication between the Agency and the Redeveloper shall be sufficiently given if delivered personally to the other party dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal office of the Agency and to the Redeveloper's attorney as specified in Articles of this Agreement. Such written notice, demands and communications

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may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section. Mailed notices shall be effective three (3) business days after deposit in the mail.

D. Conflict of Interest; Agency's or City's Representatives Not Individually Liable.

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement; nor shall any such member, official or employee participate in any decision relating to this Agreement that affects his personal interest or the interest of any corporation, partnership or association in which he is, directly or indirectly, interested. No member, official or employee of the Agency shall be personally liable to participate or any successor in interest in the event of any default or breach by the Agency or for any amount that may become due to Redeveloper successor for any obligation under the terms of this Agreement.

E. Enforced Delay, Extensions of Times of Performance.

Performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restriction or priority or acts by a governmental agency or entity, litigation, unusually severe weather, inability to secure necessary labor,

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materials or tools, delays of any contractor, subcontractor or supplier, or any other cause beyond the control of the party seeking to be excused. An extension of time for any such cause shall only be for the period of the enforced delay. Times of performance under this Agreement may also be extended in writing by the Agency and the Redeveloper.

F. Titles of Sections.

The titles of the several Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

XIV. DEFAULT, REMEDIES AND TERMINATION

A. Defaults.

Subject to the extensions of time set forth in this Agreement, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement; however, if the party who so fails or delays commences to cure, correct or remedy such failure or delay within thirty (30) days after receipt of a notice specifying such failure or delay, and shall diligently prosecute such cure, correction or remedy to completion, then such party shall not be in default.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until

thirty (30) days after given such notice. Failure or delay in giving notice shall not constitute a waiver of any default, nor shall it change the time of default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its remedies as to any default shall not operate as a waiver of any defaults or of any such rights or remedies or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

B. Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement, except as to matters governed by federal laws and regulations.

C. Acceptance of Service of Process.

In the event that any legal action is commenced by the Redeveloper against the Agency, service of process on the Agency shall be made by personal service upon the Chief Executive Officer or Chairman of the Agency, or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Agency against the Redeveloper, service of process on the Redeveloper shall be made by personal service upon any authorized agent or person authorized by law to receive service of process for the Redeveloper (or a successor) and shall be valid whether made within or without the State of California, or in such other manner as may be provided by law.

D. Rights and Remedies Against Agency Limited.

The rights and remedies of the Redeveloper against the Agency shall be limited to an action for specific performance without any monetary damages due to Redeveloper for Agency's default under this Agreement.

E. Counterparts.

This Agreement is executed in four (4) counterparts, each of which is deemed to be an original.

F. Entire Agreement, Waivers and Amendments; Execution.

The Agreement all of the terms and conditions mentioned herein or incidental thereto, and supersedes all negotiations or previous agreements between the parties with respect to all of any party of the subject matter thereof.

All waivers of the provisions of this Agreement must be executed in writing by the appropriate authorities of the Agency or the Redeveloper and all amendments hereto must be executed in writing by the appropriate authorities of the Agency and the developer.

This Agreement, then executed by the Redeveloper and delivered to the Agency, must be authorized, executed and delivered by the Agency within thirty (30) days after the date of execution by the Redeveloper or this Agreement shall be void, except to the extent that the Redeveloper shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. The date of this Agreement shall be the date when the Agreement shall have been signed by the Agency.

This Agreement shall terminate upon completion of construction of the Development.

G. Sale of Development

Prior to completion of the Development, the Redeveloper shall not transfer the Development or Property without the successor in interest agreeing to be bound completely by the terms of this Agreement.

IN WITNESS WHEREOF, the Agency and the Redeveloper have duly executed this Agreement as of the date first above written.

1215 K PARTNERS, a California partnership

Date: _____, 1988

By: _____
Its _____

ATTEST:

By: _____
Its _____

APPROVED AS TO FORM:

Agency Counsel
Dwight L. Moore

BTR8/17

BTR8/17
d5/040688

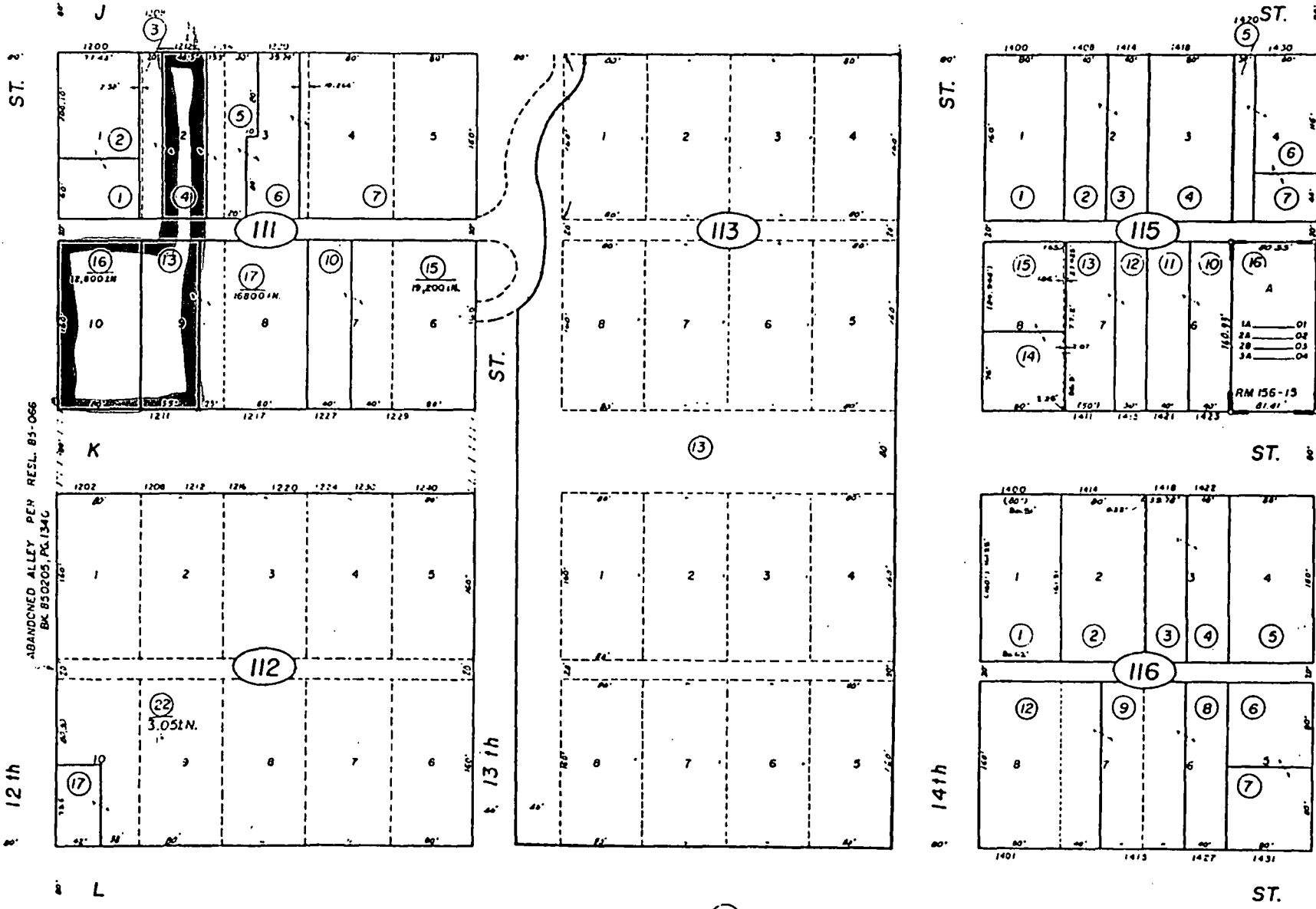


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OLD CITY

Tax Area Code

(05)



ATTACHMENT I

(16)

CITY OF SACRAMENTO
 Assessor's Map Bk. 6 - Pg 11
 County of Sacramento, Calif.

1421 "K" Street, a condominium, R.M. Bk. 156 Pg. 15 (2-29-84) NOTE - Assessor's Block Numbers Shown in Ellipses
 Assessor's Parcel Numbers Shown in Circles

Attachment 2

Schedule of Performance

<u>Item</u>	<u>Time Line</u>
1. Acquisition of Property by Redeveloper	Not later than thirty (30) days after certification of EIR for the project.
2. Agency adopts Resolution Establishing Just Compensation If Redeveloper Fails to Acquire Property	Not later than thirty (30) days after Redeveloper's failure to acquire the Property.
3. Voluntary Acquisition of Property by Agency	Not later than sixty (60) days after adoption of the Resolution Establishing Just Compensation.
4. Agency Transfers Property to Redeveloper	Within fourteen (14) days after Agency obtains title to Property.
5. Preliminary Plans submitted by Redeveloper to Agency	Prior to commencement of construction.
6. Final Plans submitted by Redeveloper to Agency	Prior to commencement of construction.
7. Commencement of Construction	Not later than 120 days after final plans and specification for the Development have been approved by the Agency and other governmental agencies having jurisdiction over the development in this respect.
8. Completion of Construction	

BTR8/17

Attachment 2

Schedule of Performance

<u>Item</u>	<u>Time Line</u>
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ATTACHMENT 4

1215 K STREET OFFICE TOWER
Sacramento, California

DEVELOPMENT CONCEPT

The 19 story, 240,000 square feet, 1215 K Street Office Tower will be a significant addition to the Sacramento skyline. Designed with efficient floors of approximately 18,000 square feet each, all of the office space on every floor is column-free. With its granite exterior, copper-clad dome and grand rotunda lobby, this building will have the feeling of a landmark institutional office building.

The most significant aspect of the building is the cylindrical tower which is placed at the corner of 12th Street and the K Street Mall. The cylindrical tower projects slightly into the mall to enhance the views into the tree-lined pedestrian mall and toward Capitol Park. The 1215 K Street Office Tower is located just across the Mall from the Hyatt Hotel and has been sited to take maximum advantage of its close proximity to Capitol Park. A covered colonnade at ground level provides pleasant, easy access toward the Capitol and to the Sacramento trolley line at 12th Street. A variety of shops and restaurants will be available along the colonnade.

Another significant architectural feature of the building is the 50' high rotunda lobby. Each person arriving at the building - via the shuttle elevator from the parking garage or from the Mall - will experience the imposing space of this impressive lobby.

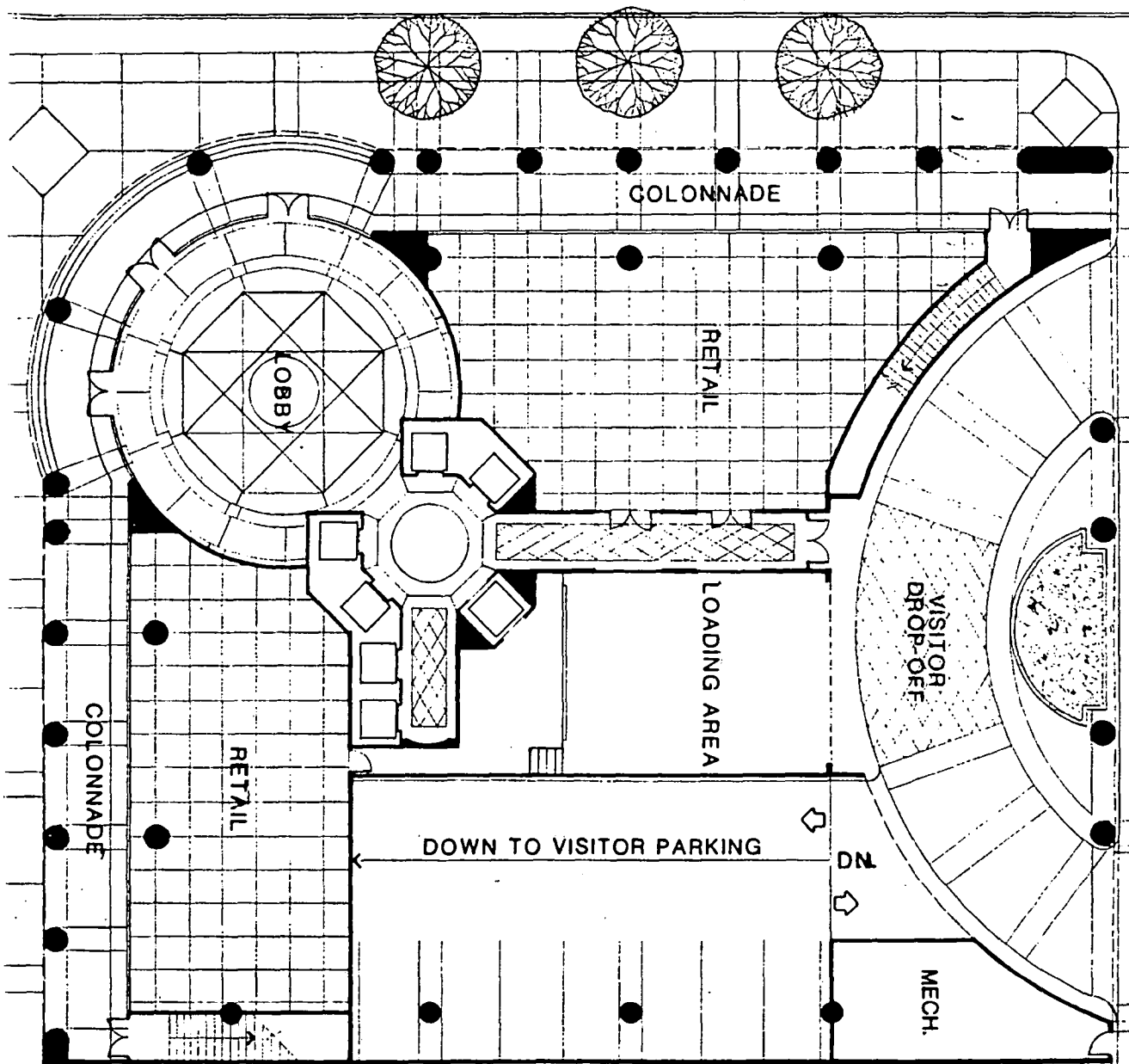
Parking has been tucked under the office space to allow for convenient access directly into the building. The ground level retail and 2nd level office space are built around several floors of the garage, providing convenient parking which is almost completely concealed from view. With this design the first main office level is Level 7, well above the Hyatt Parking Garage across the street. From these office floors there will be great views of the State Capitol Dome.

Other significant features of the building are:

- o easy entrance to and exit from the garage from 12th Street for visitors and J Street for building tenants
- o shuttle parking elevators to the lobby
- o a security system which requires each person entering the building to pass by the guard/concierge who will be stationed prominently in the rotunda
- o glare-reducing solar glass
- o building life safety system with central fire control system
- o capacity for private dining facilities on upper floor will be available.

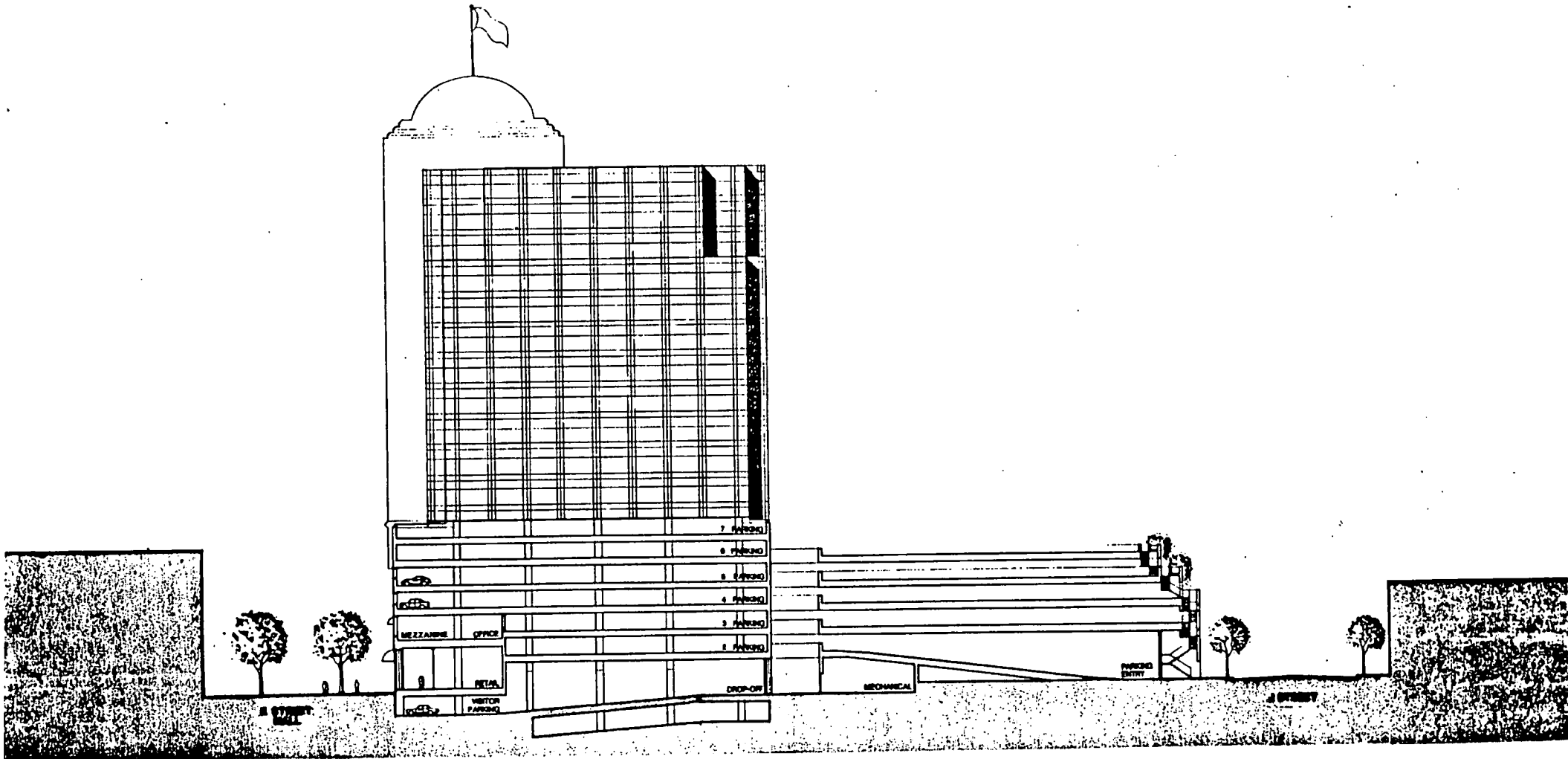
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12 th ST



BRIDGE ABOVE

ATTACHMENT 5



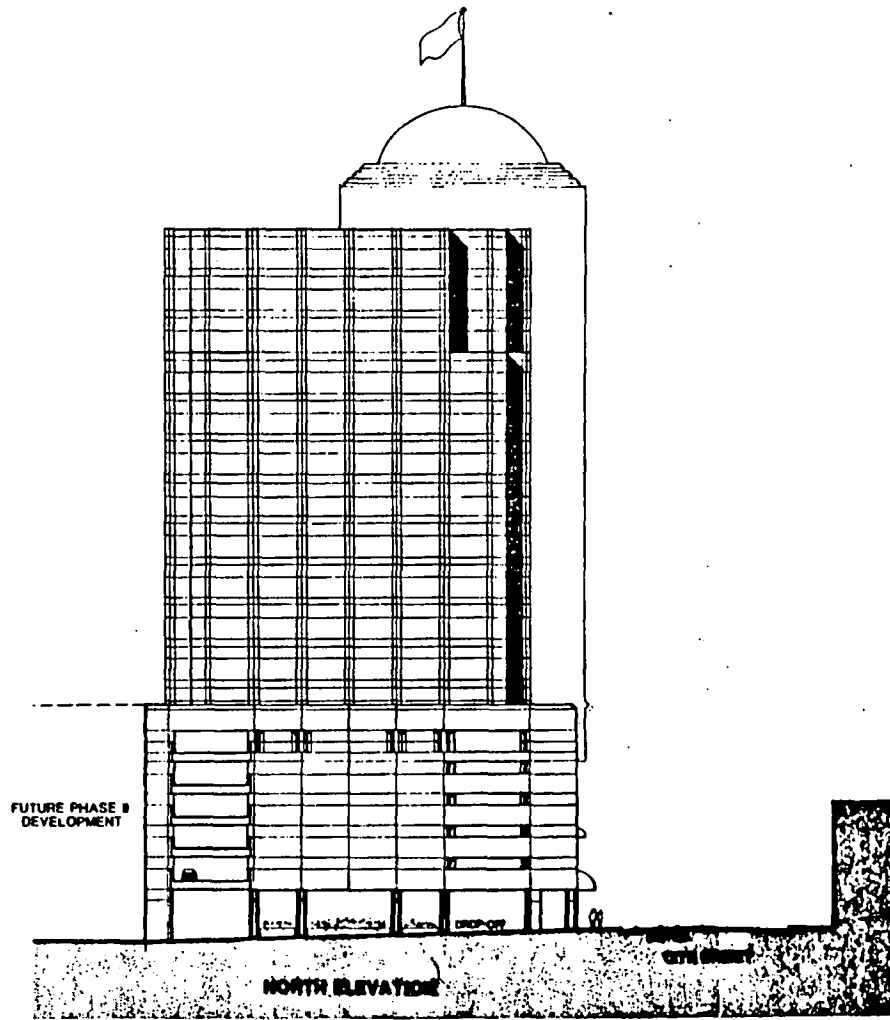
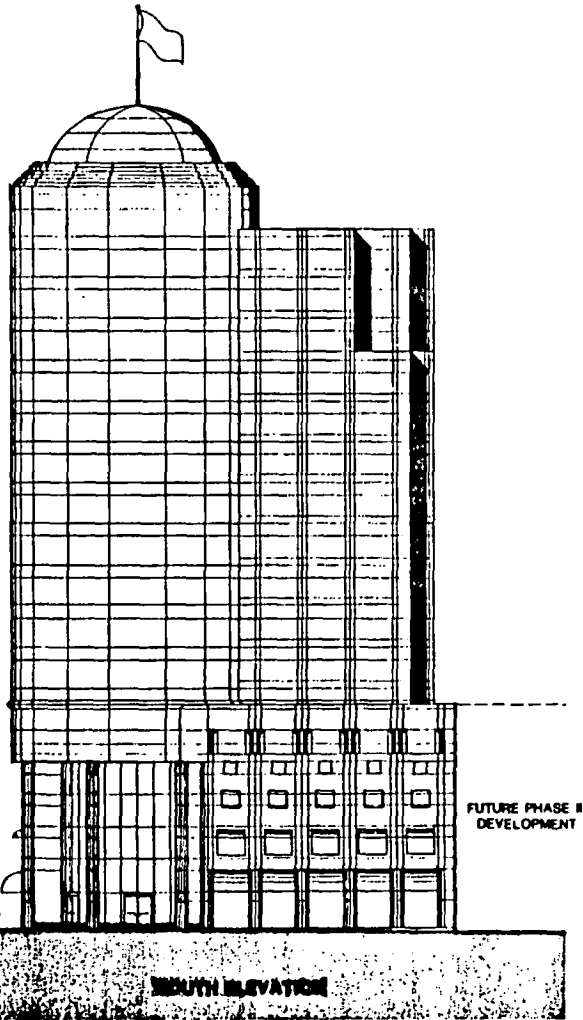
12TH & K OFFICE TOWER

SACRAMENTO CALIFORNIA

DEVELOPERS
 LANGFORD & ASSOCIATES, INC. / COOK COMPANY (JOINT VENTURE)

ARCHITECTS
 HELLMUTH, OBATA & KASSABAUM, INC.

EAST ELEVATION
 SECTION



12TH & K OFFICE TOWER

SACRAMENTO CALIFORNIA

DEVELOPERS
 LANGFORD & ASSOCIATES, INC. / COOK COMPANY (JOINT VENTURE)

ARCHITECTS
 HELLMUTH, OBATA & KASSABAUM, INC.

ELEVATIONS

(34)

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