



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



8

September 13, 1988

Budget and Finance Committee  
of the City Council  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:** Development of a Central Housing Maintenance Facility  
and Central Stores Warehouse, 320 Commerce Circle

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Housing Authority of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolutions approving the acquisition and rehabilitation.

Respectfully submitted,

*William H. Edgar*

WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COMMITTEE:

*Jack R. Crist*

JACK R. CRIST  
Deputy City Manager

Attachment



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



September 12, 1988

Housing Authority of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Development of a Central Housing Maintenance Facility  
and Central Stores Warehouse, 320 Commerce Circle

## SUMMARY

This report recommends a change of sites for our proposed new central maintenance/stores facility. The new site is an existing warehouse located at 320 Commerce Circle in the Johnson Industrial Park near the Woodlake Inn. It would replace a previously approved site located at 1005 N. "B" Street which has been withdrawn from the market by the owner due to hazardous waste problems associated with the removal of underground fuel tanks. The estimated total project cost is the same as the "B" Street project; \$1,412,355. The project would be financed by loans secured by the property and a pledge of Section 8 administrative funds. Financing costs would be repaid through rents charged to users. Approval of the resolution accompanying this report would authorize the Executive Director to take all actions necessary to complete the project.

## BACKGROUND

### A. North "B" Street

In December 1987, the Governing Boards approved a central maintenance/stores facility development project involving the purchase and remodeling of an existing warehouse located at 1005 N. "B" Street in the Richards Blvd. area. This project replaced an earlier proposal to construct a new facility at our New Helvetia housing site. One condition of our purchase of the "B" Street property was that the owner remove existing underground fuel storage tanks. Unfortunately, in doing so, the owner encountered soil and ground water contamination problems. Purchase of the property was delayed by mutual agreement, pending their resolution. On August 8, 1988, the owner informed the Agency that he did not wish to proceed with the sale because of uncertainties about costs required to correct pollution problems. The Agency agreed to drop the project at that time.

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## B. Commerce Circle

As "B" Street negotiations dragged on, staff informed the owner that it might become necessary to explore other alternatives. The Commerce Circle site is the result of those efforts. It was discovered through a staff "windshield survey" of properties posted for sale in the three priority locations identified in earlier efforts to locate a maintenance facility site; the New Helvetia area, Richards Blvd., and the Johnson Industrial Park, near the Woodlake Inn, where the site is located. Because the property had the potential for meeting our needs at a cost at or below the approved budget, staff negotiated a three month's option to purchase the property pending a positive feasibility determination and approval by the Governing Boards. Further analysis has shown the Commerce Circle alternative to be both feasible and cost effective.

## C. Key Elements of the Commerce Circle Development Project

1. Site description. The 320 Commerce Circle property consists of approximately 25,000 sq. ft. warehouse with a 6,500 sq. ft. covered loading dock on a 1.7 acre parcel in the Johnson Industrial Park near the Woodlake Inn in North Sacramento. The structure contains approximately 5,800 sq. ft. of office space. This is about the same amount included in our final design for "B" Street. A location map and site schematic is included as Attachment A.

The site compares favorably with "B" Street in all respects. Some significant advantages are that the structure is larger, there is a minimum 20 foot clear area under the roof support beams, it can be accessed from all four sides, and the floor is at ground level rather than elevated. These features make the site much more versatile and capable of being adapted to changing needs over time. More important for our immediate purposes is the fact that the site already contains many necessary improvements that were not included in the purchase price for "B" Street and therefore would have had to be included in the improvement budget for that project. These include street improvements, paving, parking, restrooms (although additional restrooms are needed), security fencing, burglar alarm, and existing improved office space. Although some office space modification will be required, it will not be necessary to significantly increase the amount of heated or air conditioned space within the building. This will enable us to meet our office space needs through minor remodeling rather than major reconstruction. The estimated value of these improvements is

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approximately \$400,000. This more than compensates for the nearly \$300,000 difference in purchase price between the properties. A side by side comparison of the two properties is included as Attachment B. There is no doubt that the Commerce Circle property is a better value in terms of Agency needs.

2. Sale terms. A copy of the option and purchase agreement is included as Attachment C. Key features are the following:

The option price is \$6,500. This amount is not credited towards the purchase price.

The option expires on October 31, 1988.

The purchase price is \$950,000. The Sacramento County Department of Real Estate estimates the market value of this property to be between \$920,000 and \$950,000. A copy of their determination is included as Attachment D.

The Agency will take a second trust deed from the owner in the amount of \$250,000 on the following terms:

Interest rate: 10% APR

Payments: Interest only, monthly intervals

Due date: April 1, 1995

The purchase date is November 1, 1988. However, the Agency may delay purchase for up to four months to arrange financing. In this case, the Agency will pay a rent of \$6,500 monthly from November 1, 1988 until close of escrow.

3. Moving/improvements plans. The Commerce Circle property is ready for immediate occupancy. Therefore, it will be possible to begin moving in immediately after purchase. The leases for our current facilities require four months notice prior to termination. This time would be used both to gradually shift operations to the new facility and complete high priority repairs and improvements. Attachment E is a listing of repairs and improvements to be completed during the transition period together with a cost estimate. Assuming project approval in September, we would be completely moved to the new facility by the end of January 1989.

The improvements will be completed by the Central Services and Maintenance divisions utilizing essentially the same procedures currently used for public housing modernization and remodeling office space. This will eliminate the time complexity and

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expense of managing this project like a major construction project.

## FINANCIAL DATA

a. Project cost. The Commerce Circle project can be completed within the \$1,412,355 budget established for "B" Street. This includes the approximately \$50,000 already expensed on "B" Street for architectural fees and related direct costs. A cost breakdown for the Commerce Circle project is as follows:

<u>Item</u>	<u>Cost</u>	
	<u>Commerce Circle Project</u>	<u>"B" Street Project</u>
Site Acquisition	\$ 950,000	\$ 653,000
Priority improvements to be completed during the four month transition period. This includes planning and design costs.	277,400	669,355
B Street costs (architectural fees, surveys, cost estimates, etc.)	50,000	-
Moving and start-up costs	50,000	50,000
Loan fees, financing charges, rent, etc.	40,000	40,000
Contingencies	<u>44,955</u>	<u>-</u>
Total project cost	<u>\$1,412,355</u>	<u>\$1,412,355</u>

The priority improvements list represents the minimum necessary to occupy the property. The existing budget provides ample funding for these improvements plus an adequate contingency. In addition, staff has identified other improvements that would enable us to make better use of the space and operate more efficiently. For example, cutting additional door openings in the west side of the building would greatly improve access. Once we begin operating out of the structure, other ideas for improvements will doubtless present themselves. After the priority improvements have been provided, any remaining budget amounts would be expended on such other improvements.

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B. Financing Plan. The above total project cost will be financed by loans secured by the property itself plus a pledge of Section 8 administration fees. This will enable the Agency to obtain 100% bank financing for the project.

Loans would be repaid through rents charged internally to users, i.e., Housing Maintenance, CIAP and Central Services. For planning purposes, it is assumed that the entire project will be financed through a 25-year level amortization loan at 10% APR. These are the terms of the assumable first mortgage on the property. A preliminary study by the Finance Division indicates that we should be able to finance the balance on the same terms or slightly less. The above financing yields a monthly debt service payment of \$16,000. This is about \$7,500 per month or \$90,000 per year more than our current rent payment. This cost will be distributed among users approximately as follows:

<u>USER</u> <u>INCREASE OVER 1988</u>	<u>USE</u>	<u>CURRENT</u>	<u>NEW</u> <u>ANNUAL</u> <u>CHARGE</u>	<u>INCREASED</u> <u>RENT</u>
Central Services	30%	\$ 30,600	\$ 57,600	\$27,000
CIAP	20%	20,400	38,400	18,000
Maintenance	50%	51,000	96,000	45,000
Total	100%	<u>\$102,000</u>	<u>\$192,000</u>	<u>\$90,000</u>

If the project is approved, the 1989 budgets of the users will include the appropriate rent increases. Our earlier report recommending purchase of the "B" Street property contained a discussion of other financing alternatives and an analysis of the benefits of owning versus renting. Substitution of an alternative site does not effect these factors. So this information will not be repeated here. The general conclusion of the earlier analysis was that, compared to the alternative of continuing to rent space, the project would begin to save money after 3 to 6 years of operation, depending on rent increase assumptions used in the "continue to rent" alternative. This is the estimated time it would take for market rents to increase by more than the \$66,000 annual rent differential noted above. In addition to direct cost savings after 3 to 6 years, the Agency would also benefit from having a larger more efficient facility and from equity build-up over the useful life of the project.

## ENVIRONMENTAL ISSUES

The City of Sacramento will be the lead agency for the development phase of this project which would be processed

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through its normal environmental procedures for construction projects. No additional environmental review of the actions covered by this staff report is required.

## POLICY IMPLICATIONS

The actions proposed in this staff report would supersede an earlier decision to provide central maintenance/stores facility at 1005 North "B" Street.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of September 12, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

## RECOMMENDATION

It is recommended that the Executive Director be authorized to complete all actions necessary to purchase and remodel the Commerce Circle property for use as a central maintenance/stores facility. This includes the following:

Exercise the Agency's option to purchase the above property for \$950,000 according to the terms of the option and purchase agreement;

Secure financing for the project through the most economical means including the obtaining of bank loans secured by the facility and a pledge of Section 8 administration fees

Complete necessary and desirable improvements;

Amend or otherwise modify the Agency budget to reflect increased rent charges to users of the new facility; and

Take other necessary and appropriate actions to complete the project provided, however, that the total project cost may not exceed \$1,412,355.

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Approval of the attached resolution which would authorize the  
above actions as recommended.

Respectfully submitted,

*William H. Edgar*

WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE  
City Manager

Contact Person: Kurt Findeisen, 440-1320

1428M  
9/06/88

# RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

## ACQUISITION AND REHABILITATION OF A CENTRAL MAINTENANCE FACILITY AND CENTRAL STORES WAREHOUSE

WHEREAS, there is a need to expand the Agency's central maintenance/stores facility in order to increase the efficiency and effectiveness of housing maintenance and central purchasing operations; and

WHEREAS, the purchase and remodeling of an existing warehouse ("the project") located at 320 Commerce Circle, Sacramento which ("the property") represents a viable and cost effective means for meeting this need.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized enter into an agreement to purchase the property located at 320 Commerce Circle, Sacramento, in accordance with the terms of the option and purchase agreement between the Authority and Harry S. Curry and Ilene M. Curry executed August 12, 1988.

Section 2: The Executive Director is authorized to solicit financing proposals and enter into a loan agreement for an amount not to exceed \$1,500,000 with a private lender to provide financing for acquisition and rehabilitation of the property in a form and on ordinary and reasonable terms, approved by Agency Counsel.

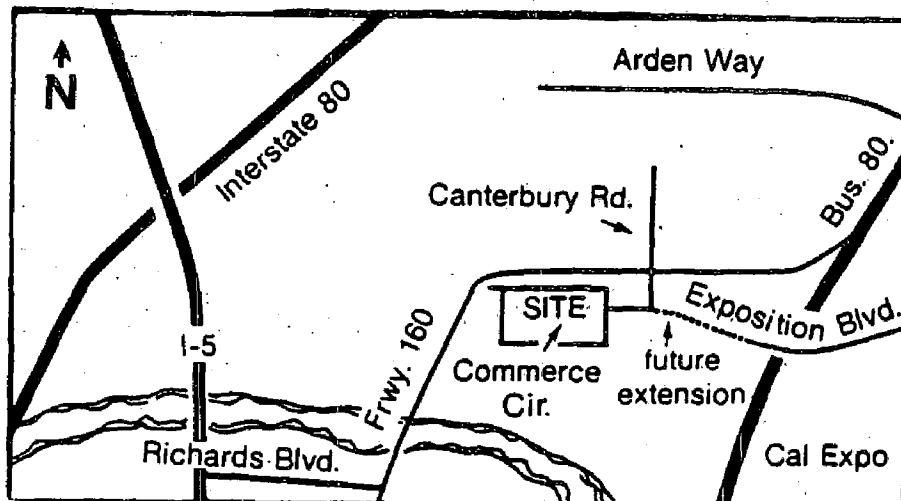
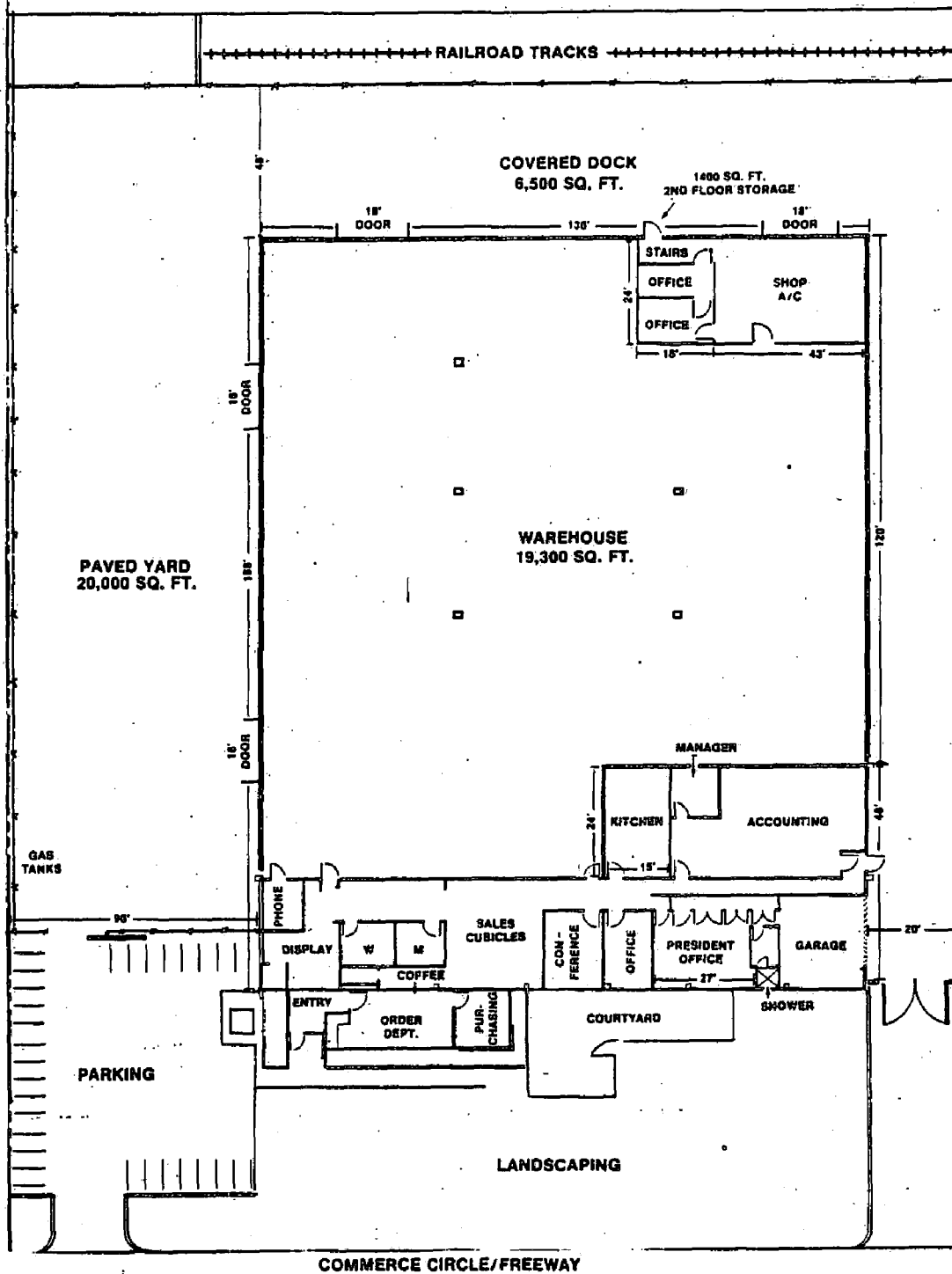
Section 3: The Executive Director is authorized to solicit bids, award contracts, complete repairs and improvements and take any and all other actions reasonably necessary to rehabilitate the property for Authority use provided, however, that the total project cost may not exceed \$1,412,355.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

ATTACHMENT A - LOCATION MAP AND SITE SCHEMATIC



ATTACHMENT B

SITE/FACILITY COMPARISON

	<u>1005 NORTH B STREET</u>	<u>320 COMMENCE CIRCLE</u>
Building	22,220 sq. ft.	25,000 sq. ft. 6,500 covered dock
Site	1.7 AC	1.7 AC
	Below street grade Unimproved Fencing required	At grade Fully improved (except for approximately 5,000 sq. ft.) Fully fenced
Building Features		
Warehouse	Concrete tilt up  11' clearance under truss  Flourescent lighting  Six 8' rollup doors  No fire suppressant system  600 AMPS elec. service	Concrete tilt up  20' clear height  Sodium lights  Two 16' rollup doors Two 18' rollup doors  Fully sprinklered  800 AMPS service
Office	Complete domolition/ construction required	5,800 sq. ft. available 1,000 sq. ft. to modify 500 sq. ft. to construct
Purchase Price	\$653,000	\$950,000

1445M

ATTACHMENT C

OPTION AGREEMENT

THIS OPTION AGREEMENT, dated for reference purposes this \_\_\_\_\_ day of August, 1988, is made and entered into by and between The HOUSING AUTHORITY OF THE CITY OF SACRAMENTO (called "Optionee"), and HARRY S. CURRY and ILENE M. CURRY (called "Optionor"), as follows:

WHEREAS, Optionor is the owner of certain real property situated in the City and County of Sacramento, State of California, all as more particularly described on Exhibit "1" which is attached hereto and made a part hereof, along with certain personal property situated thereon, specifically the plywood shelving in the warehouse areas, the appliances and fixtures in the breakroom hall way and main office, the carpeting, drapes and built-in cabinets and shelves, which real and personal property is hereafter referred to as "Property" unless otherwise indicated; and

WHEREAS, Optionee wishes to have and Optionor wishes to grant to Optionee the right, option and privilege to purchase the Property upon the price and terms set forth on Exhibit "1", without becoming obligated to purchase said Property, should Optionee exercise such option within the time and manner hereafter provided.

NOW THEREFORE, in consideration of the Purchase Agreement and of the covenants, conditions and terms hereinafter set forth, the parties agree:

1. Upon the execution of this Option Agreement ("commencement date"), Optionor shall grant to Optionee (and this Option Agreement shall constitute such grant without any further documentation thereof) the exclusive right and option to purchase the Property at

the price and upon the terms and conditions set forth on Exhibit "1".

2. The term of the option shall commence on the commencement date and shall expire at 5:00 p.m. on October 31, 1988.

3. This Option is granted in consideration of Optionee's payment to Optionor of the sum of SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500.00), receipt of which is hereby acknowledged. If this Option is exercised in accordance with its terms, then the consideration paid for this Option to Optionor shall not apply to the purchase price.

4. In the event this Option is not exercised, all sums paid to Optionor by Optionee under this Option Agreement shall be retained by Optionor in consideration of the granting of this Option, except that if the Option is not exercised or the purchase of the property not completed as a result of any acts or omissions of Optionor, including the failure to satisfy the conditions of the Purchase and Sale Agreement for the Property, then Optionor shall immediately return all of said sums to Optionee.

5. Optionee may exercise this option at any time before its expiration by executing and delivering Exhibit "1" to Continental Land Title, (herein "escrow holder") at 1111 Howe Avenue, Suite 450, Sacramento, California 95825, and by depositing a copy thereof in the U.S. Mail addressed to Optionor as provided in Paragraph 5 hereof. Optionor will have executed Exhibit "1" upon the execution of this Option Agreement, and no further act, other than the signing thereof by Optionee, depositing such document, or a copy thereof,

with said escrow holder and mailing a copy to Optionor as provided in this Paragraph 5, shall be necessary to form a binding contract for the purchase and sale of said Property between Optionee and Optionor as provided in Exhibit "1".

6. If Optionee fails to exercise this option in accordance with its terms and within the option period or any extension thereof, then this option and the rights of Optionee shall automatically and immediately terminate, without notice. After such termination, Optionee shall properly execute, acknowledge and deliver to Optionor, within fifteen (15) days of a request therefor, a release, quitclaim deed or any other document required by Optionor to verify the termination of this Option Agreement.

7. Unless otherwise provided herein, any notice, tender or delivery to be given hereunder by either party to the other may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested. Mailed notice shall be addressed as set forth below, but each party may change its address by written notice in accordance with this paragraph. Mailed notice, including the mailing of a copy of Exhibit "1" pursuant to Paragraph 5 above, shall be deemed delivered within three days after deposit thereof in the United States mail.

Optionor

Harry and Ilene Curry  
320 Commerce Circle  
Sacramento, CA 95815

Optionee

Housing Authority of the  
City of Sacramento  
P.O. Box 1834  
Sacramento, CA 95812-1834

Either party may change such address for notification purposes by sending written notice thereof to the other party pursuant to this paragraph.

8. This instrument, along with the attached exhibits, contains the entire Agreement between the parties relating to the option herein granted and the provisions of purchase and sale between Optionor and Optionee if the option is timely exercised in the manner and within the time period herein provided. Any oral representations or modifications concerning this instrument shall be of no force and effect, excepting a subsequent modification in writing, signed by the party to be charged. This Agreement supersedes any prior oral or written agreement between the parties relating to the option herein granted.

9. This Agreement shall be construed in accordance with the laws of the State of California.

10. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

11. If either party brings an action to enforce or interpret the terms of this option, the prevailing party shall be entitled to receive reasonable attorneys' fees, costs and expenses as the court may allow.

12. Time is of the essence of this Option Agreement.

13. This Agreement may be executed in several original counterparts, each of which and all together will constitute this Agreement in its entirety.

14. Within ten (10) days after the execution of this Option Agreement, Optionor shall cause to be prepared by escrow holder and delivered to Optionee, a Preliminary Report of title on the Property, setting forth all easements, exceptions, restrictions, encumbrances and liens (herein "exception") as well as a copy of the documents which evidence such exceptions (herein "Title Documents"). Optionee shall have twenty (20) days from receipt of said Preliminary Report and exceptions to examine and approve the title and exceptions. At any time within the 20-day period, Optionee may terminate and cancel this Option Agreement if Optionee reasonably fails to approve any exceptions, or Optionee may reasonably object to any, or all, exceptions and request that Optionor remove any disapproved exceptions. If Optionee fails to approve any exceptions, Optionor shall have ten (10) days after expiration of said 20-day period within which to remove the exceptions. In the event Optionor elects not to or fails to remove the exceptions, Optionee shall have five (5) days after notice from Optionor that it elects not to or fails to remove the exceptions to elect whether to accept title as Optionor wishes or can convey, or elect to terminate this Option Agreement in which case Optionor shall return all option consideration to Optionee, and neither Optionor nor Optionee shall have any further obligation hereunder.

IN WITNESS WHEREOF, the parties have executed this Option Agreement in the County of Sacramento on the \_\_\_\_\_ day of August, 1988.

**OPTIONEE:**

HOUSING AUTHORITY OF THE  
CITY OF SACRAMENTO

APPROVED AS TO FORM:

By \_\_\_\_\_

William H. Edgar  
Executive Director

\_\_\_\_\_  
Agency Counsel

Organization: 6300  
Account Number: 4888  
Cost Center: C00980

\_\_\_\_\_  
Finance Department

APPROVED:

\_\_\_\_\_  
Organization

**OPTIONOR:**

\_\_\_\_\_  
HARRY S. CURRY

\_\_\_\_\_  
ILENE M. CURRY

EXHIBIT "1"

AGREEMENT OF PURCHASE AND SALE

THIS PURCHASE AGREEMENT, dated for reference purposes this \_\_\_\_\_ day of August, 1988, is made and entered into by and between HARRY S. CURRY and ILENE M. CURRY, (called "Seller"), and HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, (called "Buyer"), as follows:

ARTICLE 1. GENERAL.

1.01. The Purchase Property. Seller owns fee title to that certain improved real property located in the City and County of Sacramento, as more particularly described in Exhibit "A" attached hereto and made a part hereof, and the plywood shelving in the warehouse area, the appliances and fixtures in the breakroom hall way and main office, carpets, drapes, build-in cabinets and shelves, (hereinafter "the Property").

ARTICLE 2. PURCHASE AND SALE

2.01. Purchase and Sale. Seller shall sell the Purchase Property to Buyer, and Buyer shall purchase the Purchase Property from Seller on the terms and conditions specified in this Agreement.

2.02. Price. The purchase price for the Purchase Property shall be equal to the sum of the following:

A. NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000.00).

2.03. Payment. The purchase price for the Purchase Property shall be paid as follows:

A. Buyer desires to take title to the Property subject to the existing first note and deed of trust which is in favor of the Sacramento County Employees Retirement Association

Seller makes no representation as to whether it is possible to take title subject to such note and deed of trust. However, Seller will cooperate with Buyer in permitting Buyer to take title subject to the note and deed of trust, provided that Seller bears no additional cost or expense in so doing.

B. Seller shall take back a promissory note in the amount of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) secured by escrow holder's standard long form deed of trust. A copy of the form of the promissory note is attached hereto as Exhibit "B".

C. The balance of the purchase price shall be in cash at close of escrow.

ARTICLE 3. ESCROW

3.01. Opening. The purchase and sale of the Purchase Property, or portions thereof, shall be consummated by means of an escrow which is to be opened at Continental Land Title, 1111 Howe Avenue, Suite 450, Sacramento, California 95825 ("escrow holder").

3.02. Instructions. The escrow instructions given escrow holder for escrow shall be consistent with the terms of this Agreement, and shall provide that as between the parties, the terms of this Agreement shall prevail if there is any inconsistency.

3.03. Close. Escrow shall close on November 1, 1988, unless an earlier date for such closing is agreed to by the parties, provided, however, that Buyer shall have the right to extend the close of escrow for any period of time, up to March 1, 1989, in order that Buyer may obtain financing for acquisition of the

Property. If Buyer does elect to extend the close of escrow beyond November 1, 1988, Buyer shall lease the Property from Seller pursuant to Section 9 hereof.

3.04. Costs. Title insurance premium, recording fees and other escrow expenses shall be borne by Buyer, except for any expenses related to any liens, encumbrances and assessments, which shall be borne by Seller.

3.05. Prorations. Real property taxes and assessments, if any, imposed upon the Purchase Property which are due but not paid at close of escrow, insurance premiums, and utilities shall be prorated as of the close of escrow, on the basis of thirty (30) day months, as shall payments of current rent. Should taxes have been paid prior to the closing of escrow, there shall be no proration of the taxes and it shall be the responsibility of the Seller to apply for a tax refund in the normal manner, through the office of the Tax Collector of the County of Sacramento.

#### ARTICLE 4. CONDITIONS TO CLOSE OF ESCROW.

4.01. General. The provisions of this Article are conditions precedent to the close of the escrow described in Article 3 and unless otherwise provided expressly or by context, are also covenants.

4.02. Title. Seller shall cause title to be conveyed to Buyer by a standard California grant deed. Seller must cause escrow holder to be willing to issue its ALTA Owners Standard Policy of Title Insurance insuring title in Buyer in the amount of the purchase price. The policy shall list only the current taxes,

and the exceptions set forth in Section 14 of the Option Agreement, attached hereto, in addition to the printed exceptions common to such ALTA policies.

4.03. Cash and Deed. Buyer shall deposit with escrow holder the purchase price in the form of the assumed note, if such note is assumable, the purchase money note described in Section 2.03B, and cash, or cash equivalent, and its share of the closing costs described in Section 3.04. Buyer shall cause escrow holder to deliver to Seller the purchase price upon the close of escrow. Seller shall cause escrow holder to be ready, willing and able to record and deliver to Buyer the duly executed and acknowledged grant deed.

#### ARTICLE 5. POSSESSION.

Possession of the Purchase Property shall be given to Buyer upon close of escrow free and clear of any tenancies or occupancies.

#### ARTICLE 6. BROKERS.

6.01. Brokers and No Representations. Buyer and Seller have both been represented in this transaction by Predovich Properties, Inc. Buyer shall hold Seller harmless from any claim for broker's or finder's commission or fee arising out of this transaction and based upon any agreement or statement made by Buyer. Seller shall hold Buyer harmless from any claim for a broker's or finder's commission or fee arising out of this transaction and based upon any agreement or statement made by Seller. Upon close of escrow, Seller agrees to pay a real estate commission in an amount equal to five percent (5%) of the purchase price to Predovich Properties, Inc.

**ARTICLE 7. WARRANTIES.**

7.01. **No Warranties By Seller.** Except as otherwise set forth in this Agreement, Seller has not made any express or implied representations, guaranties, promises, statements, assurances or warranties as to the suitability for any purpose or the profitability of owning and operating any or all of the Property and fixed improvements thereon or as to the physical condition thereof, or as to the net or gross acreage contained therein, or as to the zoning thereof, the condition of title, or any other past, present or future matter whatsoever. Buyer acknowledges that no such representations have been made, and that with the aid of independent expert advice Buyer has inspected the Property and fixed improvements thereof and the same are being purchased "as is" and, without any warranties, express or implied, by Seller or any employee or agent of Seller. Notwithstanding the foregoing, Seller has disclosed to Buyer all known property defects to Buyer, if any. This specifically includes the roof which is acknowledged to need repair or replacement. It is understood that Seller is not required to repair or replace the existing roof as a condition for completing this sale.

**ARTICLE 8. HAZARDOUS MATERIALS**

Seller represents and warrants that, at of the close of escrow, Seller is not aware of any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and groundwater condition.

Seller further represents and warrants that during the time Seller owned the Property, neither Seller nor, to the best of Seller's knowledge, any third party has used, generated, manufactured, stored or disposed, on, under or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials ("Hazardous Materials"). For the purpose of this Agreement, Hazardous Materials shall include but not be limited to substances defined as "hazardous substances," "hazardous materials" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code or as "hazardous substances" in Section 25316 of the California Health & Safety Code; and in the regulations and publications promulgated pursuant to said laws.

If any Hazardous Materials are found on the Property by the Buyer or others, the responsibility and liability of the Seller to eliminate or make safe such hazardous material shall in no event exceed the sum of TEN THOUSAND DOLLARS (\$10,000.00).

#### ARTICLE 9. INTERIM LEASE PROVISIONS

9.01. Interim Lease Provisions. If Buyer does not have permanent financing in place by November 1, 1988 and provided all actions required of Seller to close escrow are complete, Buyer may

lease the property for up to four months according to the following terms:

A. The beginning lease date shall be November 1, 1988 or such later date as all actions required of Seller to close escrow are complete.

B. The monthly lease payment shall be \$6,500.

B. Seller shall be responsible for real property taxes, liability and hazard insurance on the improvements located on the Property (but not on any of Buyer's personal property), and general maintenance and upkeep of the Property.

D. Buyer shall have access to the Property during the lease period to analyze existing systems and carry out repairs or improvements, provided that prior to initiating any repairs or improvement in excess of \$2,500.00, Buyer shall furnish a copy of the plans for said repairs/improvements which shall be approved by Seller in writing. Buyer shall not commence said repairs/improvements until ten (10) days after written approval by Seller so that Seller may post a notice of non responsibility. All repair or improvement projects will be considered to be unconditionally approved by Seller unless Seller communicates such conditions in writing to Buyer within five (5) working days of receipt of the required notice. Buyer will indemnify and hold Seller harmless from any injury or destruction to persons or property in connection with Buyer's use, occupancy, repair or maintenance of the Property.

9.02. Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

9.03. Warranties. All warranties contained in this Agreement shall survive the close of escrow.

9.04. Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

9.05. Additional Documents. From time to time prior to and after the close of escrow, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

9.06. Notice. All notices, demands, requests, elections, approvals, disapprovals, consents or other communications which this Agreement contemplates, or requires or permits either party to give to the other shall be in writing and shall be personally delivered or sent by first class, or certified mail, return receipt requested, addressed to the respective parties, as follows:

Seller:

Harry and Ilene Curry  
320 Commerce Circle  
Sacramento, CA 95815

Buyer:

Housing Authority of the City  
of Sacramento  
P.O. Box 1834  
Sacramento, CA 95812-1834

or to other such address as either party may from time to time designate by notice to the other given in accordance with this Section. Mailed notice shall be deemed delivered within three (3) days after deposit thereof in the United States mail.

9.07. Attorneys' Fees. Each party agrees that if, by reason of any act or omission on its part, the other party is involuntarily joined in any litigation or other proceeding concerning this Agreement or the Purchase Property, it shall hold the other party harmless from all liability therefor, including reasonable attorneys' fees and costs incurred in such proceeding. If either party brings an action to enforce or interpret any of the terms or conditions hereof, the losing party will pay reasonable attorneys' fees and expenses to the prevailing party in an amount determined by the court.

9.08. Waste, etc. During the escrow period, Seller shall not commit or permit waste on the Property; alter, modify, or construct any improvements on the Property; or permit occupancy or grant any use of tenancy of the Property to any person or entity other than those in occupancy on the date of this Agreement.

9.09. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect.

9.10 Additional Condition to Close.

As an additional condition to close of escrow, Seller shall remove the existing underground fuel storage tanks. This includes filling and repaving the excavation area and obtaining required permits and environmental clearances. If Seller is unable to obtain the required permits and environmental clearances, then at either party's election this Agreement may be terminated, in which case Seller shall return to Buyer the \$6,500 option consideration paid to Seller pursuant to the attached Option Agreement, and neither party shall have any further liability or obligation hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement in  
the County of Placer on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

**SELLER:**

By \_\_\_\_\_  
HARRY S. CURRY

By \_\_\_\_\_  
ILENE M. CURRY

**BUYER:**

HOUSING AUTHORITY OF THE CITY  
OF SACRAMENTO

By \_\_\_\_\_  
WILLIAM H. EDGAR  
Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
Agency Counsel

Organization: 6300  
Account Number: 4888  
Cost Center: C00980

\_\_\_\_\_  
Finance Department

APPROVED:

\_\_\_\_\_  
Organization

D8001-31P713

**EXHIBIT "A"****PARCEL NO. 1:**

The East 80 feet of Lot 11 and Lot 10, except the East 30 feet thereof, as shown on the "Plat of Johnston Industrial Park," recorded in the office of the County Recorder of Sacramento County on May 22, 1957, in Book 46 of Maps, Map No. 23.

**PARCEL NO. 2:**

An easement for a spur tract over the following described property:

A piece or parcel of land situate, lying and being in the Johnston Industrial Park, Lots 11 and 12, County of Sacramento, State of California and more particularly described as follows:

BEGINNING at a point which bears South 88° 14' 10" West, 80.00 feet from the most southeasterly corner of Lot No. 11 in the Johnston Industrial Park, the plat of which is filed for record in the office of the County Recorder of Sacramento County, in Book 46 of Maps, Map No. 23; thence North 01° 45' 50" West 26.94 feet to a point; thence South 80° 03' 54" West, 189.56 feet to a point; thence North 88° 14' 10" East 187.64 feet to the point of beginning and containing an area of 2,528.0 square feet, more or less.

15895

EXHIBIT "B"

PROMISSORY NOTE

\$250,000.00

(1) , 1988

For value received, the HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, a public body, corporate and politic ("Maker"), promises to pay to HARRY S. CURRY and ILENE M. CURRY ("Payee"), or order, the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) with interest on principal from time to time outstanding from (1), 1988, at the rate of ten percent (10%) per annum.

Payments shall be made to 320 Commerce Circle, Sacramento, California 95815. The place of payment may be changed from time to time as the holder may from time to time designate in writing. Payments shall be in lawful money of the United States of America. Payments shall be applied first to interest and other charges then due and unpaid, then to principal.

The entire balance of unpaid principal and any accrued and unpaid interest or other charge shall be due and payable on (2). Accrued interest shall be due and payable monthly, commencing one (1) month after the date on which interest commences to accrue. Principal may not be wholly or partially prepaid at any time, except upon the payment to holder of an amount equal to thirty percent (30%) of the principal amount to be prepaid by Maker.

Should Maker fail to make any payment of principal or interest when due, the entire unpaid principal balance of this Note, together with any accrued interest, shall at the option of holder, without demand or notice, become immediately due and payable.

The Maker acknowledges that late payment to holder will cause holder to incur costs not contemplated by this loan. Such costs include, without limitation, processing and accounting charges. Therefore, if any installment is not received by holder within ten (10) days after it is due, Maker shall pay to holder an additional sum of five percent (5%) of the overdue amount as a late charge. The parties agree that this late charge represents a reasonable sum considering all of the circumstances existing on the date of this Agreement and represents a fair and reasonable estimate of the cost that holder will incur by reason of late payment. The parties further agree that proof of actual damages would be costly or inconvenient. Acceptance of any late charge shall not constitute a waiver of the default with respect to the overdue amount, and shall not prevent holder from exercising any of the other rights and remedies available to holder.

Delinquent interest shall be added to principal and become a part of it and bear interest at the same rate as principal from the date of delinquency.

This Promissory Note is secured by a Deed of Trust of even date herewith. Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the holder of this Note or adjudged by a Court: (1) reasonable costs of collection, costs and expenses, and attorneys' fee paid or incurred in connection with the collection, enforcement or any part of it, or of any security for it, or of any covenant of this Note, whether or not suit is filed; (2) costs of suit and such sum as the Court may adjudge as attorneys' fees in any action to enforce payment of this Note or any part of it, or in connection with the foreclosure of the security for this Note; and (3) costs of suit and such sum as the Court may adjudge as attorney's fees in any other litigation or controversy connected with this Note, or security for it, including but not limited to actions for declaratory relief that any such holder is required to prosecute and defend and actions for relief based on rescission, or actions to cancel this Note that any such holder is required to defend.

Maker, for itself and its successors and assigns, waives presentment, demand, protest and notice of dishonor and waives any right to be released by reason of any extension of time or change in terms of payment or any change, alteration or release of any security given for the payment hereof.

**SELLER:**

By \_\_\_\_\_  
HARRY S. CURRY

By \_\_\_\_\_  
ILENE M. CURRY

**BUYER:**

HOUSING AUTHORITY OF THE CITY  
OF SACRAMENTO

By \_\_\_\_\_  
WILLIAM H. EDGAR  
Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
Agency Counsel

Organization: 6300  
Account Number: 4888  
Cost Center: C00980

\_\_\_\_\_  
Finance Department

APPROVED:

Organization

\*This Exhibit is attached to and forms a part of that certain Exchange Agreement or Purchase and Sale Agreement between HARRY S. CURRY and ILENE M. CURRY ("Seller") and The HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ("Buyer"). The actual note will not contain blanks. The blanks are to be completed in accordance with the following:

1. The closing date.
2. April 1, 1995



# COUNTY OF SACRAMENTO

AUG 04 REC'D

## DEPARTMENT OF PUBLIC WORKS

1007 Seventh Street, 7th Floor  
Sacramento, California 95814 • Phone (916) 440-7611  
Real Estate Division.....Norman Linebaugh, Chief

August 4, 1988

Mr. Kurt Findeisen  
Sacramento Housing and  
Redevelopment Agency  
630 "I" Street  
Sacramento, CA 95814

Re: Property at 320 Commerce

Dear Mr. Findeisen:

After a summary review of value data, we feel the referenced property has a value of \$920,000 to \$950,000. The asking price was confirmed at One Million Dollars. It is an open market offering.

A visual inspection was made of most of the property. There are some minor cosmetic types of needed repairs. Some major items were also noted. There is a roof leak that runs down the west inside wall behind the office area. It was reported a portion of the roof has been repaired recently. The remainder most likely needs repair. The gasoline storage tanks have been removed, supposedly according to abandonment specifications. The paving repair over them has not been completed.

Please understand our observations of the condition of the property do not represent a professional inspection. However, we do feel that any repairs should be done at the seller's expense. One of the most recent value indicators was reported to be in excellent condition. This sale being a basis for the summary value opinion indicates the subject property should be brought to a like condition for stated price range.

Sincerely,

*M. Guthmiller*  
M. Guthmiller  
Real Estate Supervisor

MG:mj

## New Maintenance/Stores Facility

<u>IMPROVEMENTS</u>	<u>EST. COST</u>
Phase I	
1. Repair existing roof	\$ 50,000
2. Additional restrooms & showers	\$ 50,000
3. Create appliance cleaning area/drain	\$ 35,000
4. Enhance building/parking security system	\$ 9,000
5. Exterior painting and signage	\$ 10,000
6. Stores warehouse improvements	\$ 9,000
7. Sidewalk and landscape changes	\$ 10,000
8. Office modifications	<u>\$ 20,000</u>
Sub-Total	\$193,000
Phase II	
9. Install blacktop on south side	\$ 20,000
10. Install 2 gas furnaces in shop area	\$ 12,000
11. Additional lighting in repair areas	\$ 5,000
12. Construct specialty areas	<u>\$ 60,000</u>
Sub-Total	\$ 97,000
<b>GRAND TOTAL</b>	<u><b>\$290,000</b></u>

MOVING EXPENSES

1. Movers	\$ 20,000
2. Telephone Equipment/Lines	\$ 8,000
3. Data Equipment	\$ 16,000
4. Answering service	\$ 2,000
5. Mobile Radio antenna	<u>\$ 2,000</u>
Total	<u>\$ 48,000</u>