



3

**OFFICE OF THE  
CITY TREASURER**

THOMAS P. FRIERY  
TREASURER

MICHAEL L. MEDEMA  
ASSISTANT TREASURER

DONALD E. SPERLING  
DEPUTY TREASURER/OPERATIONS

DAVID M. AFFLECK  
DEPUTY TREASURER/FINANCING

**CITY OF SACRAMENTO .  
CALIFORNIA**

**June 8, 1990  
F00015TF.DA\***

921 TENTH STREET  
SUITE 400  
SACRAMENTO, CA  
95814-2714

916-449-5518  
OPERATIONS

916-449-5168  
INVESTMENTS &  
ADMINISTRATION

FAX 916-448-5139

**Budget and Finance Committee  
Sacramento, California**

**SUBJECT: Resolution Amending the Repayment Agreement With SHRA for the  
1985 Certificates of Participation**

**Honorable Members in Session:**

**SUMMARY**

It is requested that the Committee recommend to City Council approval of the attached staff report including a resolution which 1) appropriates \$13.875 million of proceeds from the 1989 Certificates of Participation to the Sacramento Housing and Redevelopment Agency ("SHRA") for use in the Merged Downtown Redevelopment Project area and, 2) amends the Repayment Contract by and between SHRA and the City increasing the annual payments thereunder by approximately \$1.488 million annually through the year 2009 as shown in Exhibit A to the attached Resolution, and 3) accepts transfer of Lot G Parking Garage title to the City.

**BACKGROUND**

See attached Council report.

**FINANCIAL**

See attached Council report.

**POLICY CONSIDERATIONS**

See attached Council report.

Budget and Finance Committee  
June 8, 1990  
Page 2


M/WBE EFFORTS

See attached Council report.


RECOMMENDATION

It is recommended that the Budget and Finance Committee approve and forward to the full Council the attached report including a resolution which 1) appropriates \$13.875 million of proceeds from the 1989 Certificates of Participation to the Sacramento Housing and Redevelopment Agency ("SHRA") for use in the Merged Downtown Redevelopment Project area and, 2) authorizes the Mayor to execute an amended Repayment Contract by and between SHRA and the City increasing the annual payments thereunder by approximately \$1.488 million, and 3) accepts transfer of title to Lot G Parking Garage from SHRA to the City.

Respectfully Submitted,

  
THOMAS P. FRIERY,  
City Treasurer

RECOMMENDATION APPROVED:

  
FOR JACK R. CRIST, Deputy City Manager

June 19, 1990  
All Districts

Contact Person: David M. Affleck, Deputy Treasurer  
449-5168



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CITY OF SACRAMENTO  
CALIFORNIA

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Sacramento City Council  
Sacramento, California

SUBJECT: Resolution Amending the Repayment Agreement With SHRA for the  
1985 Certificates of Participation

Honorable Members in Session:

SUMMARY

It is requested that City Council approve the attached Resolution which 1) appropriates \$13.875 million of proceeds from the 1989 Certificates of Participation to the Sacramento Housing and Redevelopment Agency ("SHRA") for use in the Merged Downtown Redevelopment Project area and, 2) amends the Repayment Contract by and between SHRA and the City increasing the annual payments thereunder by approximately \$1.488 million annually through the year 2009 as shown in Exhibit A to the attached Resolution, and 3) accepts transfer of Lot G Parking Garage title to the City.

BACKGROUND

City Council approved in concept the appropriation of \$13.875 million from the \$96.540 million 1989 Certificates of Participation to SHRA for various projects in the Merged Downtown Redevelopment Project area, including the construction of the Downtown Plaza Parking garage. Council also approved in concept the transfer of Lot G parking garage to the City in order to replace the City asset used to secure a proportional share of the 1989 COP.

Before SHRA may withdraw any of the 1989 COP proceeds, the Repayment Contract with SHRA for the 1985 COP must be amended. The amendment provides for SHRA's repayment to the City of approximately \$1.488 million each year, equivalent to the debt service on \$13.875 million of 1989 COP net proceeds to be appropriated to SHRA.

A Repayment Contract with SHRA was first entered into as part of the financing plan for the Light Rail project. SHRA pledged to repay the City approximately \$2.933 million each year for debt service payments associated with the 1985 COP. Further, the Agency agreed not to incur any debt or obligation, including the issuance of bonds, within the Merged Downtown Redevelopment project area secured by tax increment until it had certified to the City that revenues received or receivable during the current fiscal year were equal to their outstanding obligations, including the Repayment Contract plus the proposed debt. SHRA also agreed not to issue any bonds or other form of long term obligation without the approval of City Council as recommended by the City Manager, City Treasurer and City Attorney.

The Repayment Contract was later amended in 1987 as part of the financing plan for construction and renovation of the Downtown Central Library. The Library financing plan included SHRA's issuance of \$33.925 million Tax Allocation bonds ("TA bonds") secured by incremental property tax in the Merged Downtown Redevelopment Project area and the City's commitment to provide \$1.000 million of annual support. This support was accomplished by reducing the annual payments under the 1985 COP Repayment Contract down to approximately \$1.933 million. Further, in order to maximize the leverage of incremental property tax, the City maintained a subordinated debt position to the 1987 TA parity bonds and permitted SHRA to bond against \$600 thousand of rental income from the Library parking garage. The \$1.000 million annual commitment, the subordinated debt position of the Repayment Contract and leveraging the parking garage rental income allowed SHRA to leverage an additional \$16 million for the Library renovation.

Approval of the second amendment to the Repayment Contract will increase SHRA's annual payment to approximately \$3.421 million.

#### FINANCIAL DATA

##### 1989 COP Debt Service

SHRA has committed to use \$13.875 million of construction proceeds from the 1989 COP for projects in the Downtown Redevelopment area. Total certificates of \$16.374 million, or 16.9% of the entire \$96.540 million sold, were issued to provide these net proceeds.

4

Calculation of SHRA Bonding Capacity  
Merged Downtown Redevelopment Project Area  
Fiscal Year 1989-90  
(in thousands)

Current Fiscal Year Available TI	\$10,899.0 (1)
Other Income:	
Special Subvention	301.0
Garage Lease	600.0 (2)
Less LRT Repayment Agreement	<1,933.0>
Gross Available TI	9,867.0
Less: 125% Coverage	<1,973.4>
TI Available for Bonding	7,893.6
Less: Housing Requirement	-0- (3)
Existing Debt Service	<6,339.7> (4)
Maximum Available TI for New Debt	<u>\$ 1,553.9</u>

- (1) Provided by Katz Hollis Coren & Associates.
- (2) Garage lease revenues should be monitored to assure that payments are received. Another revenue source should be identified for these payments if purchase option on Garage is exercised in 2002.
- (3) Housing Requirement met through debt service payments on outstanding bonds.
- (4) Debt Service Requirement:

1985 TA bonds	\$2,087.4
1987 TA bonds	3,251.1
Lease Revenue bond	-0-
Note with City	64.2
Riverview Plaza	660.0
Woodhaven Project	277.0
Total Debt Service	<u>\$6,339.7</u>

Calculation of Administration Cash Flow  
Merged Downtown Redevelopment Project Area  
Fiscal Year 1989-90

Tax Increment Coverage	\$2,039,100	
1985 COP Repayment Coverage	-0-	
Estimated Interest Income:		(1)
1985 TA bonds Reserve Fund	161,070	
1987 TA bonds Reserve Fund	246,475	
1985 COP Reserve Fund	264,750	
Light Rail RACS Account	577,000	
Unallocated Taxes	150,000	
Total for Administration & Other	<u>\$3,438,395</u>	

SOURCE AND USE OF CASH  
(in thousands)

<u>SOURCE</u>		<u>USE</u>	
Available Tax Increment	\$10,899	Debt Service	\$6,340
Special Subvention	301	1985 COP	1,933
Tax Increment growth	-0-	Repayment, '89COP	1,488
Garage Lease	600	Admin/Other	3,438 (2)
Interest Income	<u>1,399</u> (1)	Housing	<u>-0-</u>
Total	<u>\$13,199</u>	Total	<u>\$13,199</u>

1) See Attachment 2 (page 3 of 3)

2) Administration Expense Calendar Years 1988-90:

1988 - \$1,585,000  
1989 - \$2,246,800  
1990 - \$4,525,600

Calculation of Interest Income  
Merged Downtown Redevelopment Project Area  
Fiscal Year 1989-90

AVAILABLE FOR ADMINISTRATION

<u>Source</u>	<u>Estimated Avg. Balance</u>	<u>Earnings Rate</u>	<u>Interest Earnings</u>	
1985 TA Bonds Reserve				
Uptown Project	\$ 1,482,000	7.50%	\$ 111,150	(1)
Capital Mall Project	665,600	7.50%	49,920	
1987 TA Bonds Reserve	3,286,339	7.50%	246,475	
1985 COP Reserve	2,933,706	9.02%	264,750	
RACS Account	6,788,283	8.50%	577,000	
Unallocated Taxes	<u>2,500,000</u>	<u>6.00%</u>	<u>150,000</u>	(2)
Total	<u>\$17,655,928</u>	<u>7.93%</u>	<u>\$1,399,295</u>	

UNEXPENDED CONSTRUCTION PROCEEDS

<u>Source</u>	<u>Estimated Avg. Balance</u>	<u>Earnings Rate</u>	<u>Interest Earnings</u>	
1987 TA Bonds (Pool E)	\$10,000,000	8.25%	\$ 825,000	(3)
1989 COP Construction	13,875,000	7.00%	566,562	(4)
1989 COP Reserve (16.9%)	<u>1,537,023</u>	<u>7.00%</u>	<u>62,762</u>	(4)
Total	<u>\$25,412,023</u>	<u>7.49%</u>	<u>\$1,454,324</u>	

- 1) Reserve Funds are estimated at the required Reserve balance.
- 2) Interest income from unallocated taxes estimated by SHRA.
- 3) Construction Funds are estimated at expected annual average balances. Use of interest earnings from these funds and the 1989 COP Reserve Fund are restricted by bond covenants.
- 4) Interest earnings estimated for 7 months.

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**A RESOLUTION APPROPRIATING FUNDS FROM THE  
1989 CITY OF SACRAMENTO CERTIFICATES OF  
PARTICIPATION TO THE CITY OF SACRAMENTO  
REDEVELOPMENT AGENCY AND AUTHORIZING EXECUTION  
BY THE MAYOR OF AN AMENDMENT TO THE  
REPAYMENT CONTRACT RELATING TO THE  
SACRAMENTO LIGHT RAIL TRANSIT PROJECT**

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") intends to construct and acquire various public purpose improvements in the Merged Downtown Redevelopment Area; and

WHEREAS, the City of Sacramento ("City") has agreed in concept to appropriate the sum of \$13,875,000 of the proceeds of the 1989 City of Sacramento Certificates of Participation (Community Center and Executive Airport Project) ("1989 COP") to the Agency for the purpose of constructing and acquiring such public purpose improvements; and

WHEREAS, the Agency has agreed to pay a proportional share of the rental payments required under the Project Lease executed by the City in connection with the 1989 COP;

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

**Section 1**

Upon satisfaction of the requirements of this resolution providing for amendment of the existing Repayment Contract between the City and the Agency relating to the Light Rail Project and for transfer by the Agency to the City of title to the Lot G Parking Lot garage land and improvements, the sum of \$13,875,000 is appropriated to the Agency from the Improvement Fund of the 1989 COP.

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_



Section 2

The Mayor is authorized to execute the attached amendment to the Repayment Contract between the Agency and the City providing for increase in the amount of the payments to the City pursuant to the provisions of Exhibit A, attached hereto and incorporated herein by this reference.

Section 3

The Mayor is authorized to execute the attached agreement between the City and the Agency providing for the transfer of the title to the Lot G Parking Garage to the City, upon the terms and conditions set forth in the agreement.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

## EXHIBIT A

DATE OF PAYMENT	PAYMENT
01-Apr-90	530,513.94
01-Jun-90	1,929,096.25
01-Oct-90	957,931.27
01-Apr-91	517,905.13
01-Jun-91	1,932,596.25
01-Oct-91	969,915.91
01-Apr-92	504,344.81
01-Jun-92	1,932,433.75
01-Oct-92	983,493.19
01-Apr-93	489,730.78
01-Jun-93	1,928,433.75
01-Oct-93	998,560.92
01-Apr-94	473,957.05
01-Jun-94	1,930,421.25
01-Oct-94	1,014,165.05
01-Apr-95	456,940.49
01-Jun-95	1,932,421.25
01-Oct-95	1,031,070.50
01-Apr-96	438,568.33
01-Jun-96	1,929,121.25
01-Oct-96	1,050,012.55
01-Apr-97	418,696.40
01-Jun-97	1,930,321.25
01-Oct-97	1,069,150.93
01-Apr-98	397,231.40
01-Jun-98	1,930,721.25
01-Oct-98	1,090,936.49
01-Apr-99	373,992.28
01-Jun-99	1,929,771.25
01-Oct-99	1,114,340.14
01-Apr-2000	348,820.45
01-Jun-2000	1,931,906.25
01-Oct-2000	1,139,203.27
01-Apr-2001	321,947.43
01-Jun-2001	1,932,081.25
01-Oct-2001	1,166,605.47
01-Apr-2002	294,496.05
01-Jun-2002	1,929,331.25
01-Oct-2002	1,193,429.30
01-Apr-2003	265,280.72
01-Jun-2003	1,933,706.25
01-Oct-2003	1,222,729.44
01-Apr-2004	234,163.63
01-Jun-2004	1,932,325.00
01-Oct-2004	1,254,368.07
01-Apr-2005	201,006.99
01-Jun-2005	1,931,181.25
01-Oct-2005	1,287,359.35
01-Apr-2006	165,700.54
01-Jun-2006	1,929,387.50
01-Oct-2006	1,322,441.06
01-Apr-2007	128,106.47
01-Jun-2007	1,931,056.25

# EXHIBIT A

DATE OF PAYMENT	PAYMENT
-----	-----
01-Oct-2007	1,360,323.47
01-Apr-2008	88,059.42
01-Jun-2008	1,929,856.25
01-Oct-2008	1,399,993.14
01-Apr-2009	45,421.57
01-Jun-2009	1,929,900.00
01-Oct-2009	1,443,008.36
01-Jun-2010	1,929,856.25
01-Jun-2011	1,933,393.75
01-Jun-2012	1,928,737.50

AMENDMENT TO  
REPAYMENT CONTRACT

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

and the

CITY OF SACRAMENTO

RELATING TO THE  
SACRAMENTO LIGHT RAIL TRANSIT PROJECT

Executed and Entered Into as of April \_\_\_\_, 1990

AMENDMENT TO REPAYMENT CONTRACT

This Amendment to the Repayment Contract is dated for convenience as of the \_\_\_\_\_ day of April, 1990, and is entered into by the Redevelopment Agency of the City of Sacramento ("Agency") and the City of Sacramento ("City").

WHEREAS, the Agency and the City have duly entered into a Repayment Contract, dated for convenience as of the first day of June, 1985 ("Repayment Contract"), pursuant to which the Agency agreed to provide for the repayment to the City of the contributions from the City for the Light Rail System (as that term is defined in the Repayment Contract) and the facilities and improvements provided by such System of benefit to the Project Areas (as that term is defined in the Repayment Contract) or immediate neighborhoods; and

WHEREAS, the Agency and the City duly entered into an amendment to the Repayment Contract by written agreement dated for convenience as of the first day of August, 1987; and

WHEREAS, the City has agreed to transfer to the Agency the sum of \$13,875,000 from the proceeds of the City's 1989 Certificates of Participation financing, and the Agency has agreed to pay to the City an amount equal to the proportionate share of the debt service on the said financing attributable to the \$13,875,000 being transferred to the Agency; and

WHEREAS, the Agency and the City desire to amend and supplement the repayment provisions of the Repayment Contract as provided herein, in order to provide for payment to the City of the Agency's share of the debt service;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and the matters set forth in the Resolutions of the City Council and the Agency approving this amendment, it is agreed by and between the parties hereto as follows:

1. Article II, Section 2.01 of the Repayment Contract is amended, from and after April 1, 1990, to provide as follows:

2.01. Reimbursement. Commencing April 1, 1990, and until further amendment of this Agreement, Agency's money in the Tax Increment Funds shall be paid or repaid to the City in accordance with the schedule set forth in Exhibit "A" attached hereto and incorporated herein by this reference. The Agency may, in its discretion, select the Tax Increment Fund or Funds from which the scheduled payment or repayments shall be drawn. The

schedule represented by Exhibit "A" shall be amended to reduce the annual payments by \$350,000 each, upon final completion of the Docks Hotel Development Project. Final completion shall occur upon issuance by the City of a certificate or other document allowing public occupancy of the hotel. Reduction of the payment for the year during which final completion occurs shall be on a pro rata basis, calculated on the basis of the number of days remaining in that year.

2. In all other respects the Repayment Contract shall continue in full force and effect.


**CITY OF SACRAMENTO**

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By:  \_\_\_\_\_  
WILLIAM P. CARNAZZO  
Senior Deputy City Attorney

**REDEVELOPMENT AGENCY OF THE  
CITY OF SACRAMENTO**

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
Secretary

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01-Jun-2010	1,929,856.25
01-Jun-2011	1,933,393.75
01-Jun-2012	1,928,737.50



**AGREEMENT FOR TRANSFER OF  
REAL PROPERTY FROM THE REDEVELOPMENT AGENCY  
OF THE CITY OF SACRAMENTO  
TO THE CITY OF SACRAMENTO**

This Agreement is entered into by and between the Redevelopment Agency of the City of Sacramento ("Agency") and the City of Sacramento ("City"), and is dated for convenience as of the \_\_\_\_ day of April, 1990.

WHEREAS, the City has agreed to appropriate to the Agency the sum of \$13,875,000 from the City's 1989 Certificates of Participation financing according to the terms and conditions set forth in the Project Lease and Trust Agreement executed in connection with that financing; and

WHEREAS, the City in structuring said financing was required to transfer from its ownership, to the Sacramento City Financing Authority, certain assets theretofore owned by the City, and to lease those assets back from the Authority under the Project Lease and other documents executed in connection with the said financing; and

WHEREAS, it is necessary for the Agency to transfer to the City assets substantially equivalent in value to the amount of the proceeds of the financing being appropriated by the City to the Agency, in order to replace the assets used to obtain such funds; and

WHEREAS, the Agency is the owner of the land and improvements known as the Lot G Parking Garage, which the City and the Agency have agreed is substantially equivalent in value to the amount of the proceeds of the financing being transferred by the City to the Agency;

NOW, THEREFORE, the parties agree as follows:

**1. OWNERSHIP OF PROPERTY TO BE TRANSFERRED**

Agency represents that it owns in fee the land and improvements commonly known as the Lot G Parking Garage, more particularly described as set forth in Exhibit A, attached hereto and incorporated herein by this reference (hereafter, "Lot G"), free and clear of any indebtedness, lien or other encumbrance of any sort or nature, except for those items noted on the preliminary title report attached hereto as Exhibit B and incorporated herein by this reference.

2. TRANSFER OF TITLE TO PROPERTY TO CITY

Agency, in consideration of the City's transfer to Agency of the sum of \$13,875,000 from the proceeds of the City's 1989 Certificates of Participation, agrees to transfer title to Lot G to the City, in fee, free and clear of any indebtedness, lien or other encumbrance of any sort or nature, except for those items set forth as acceptable conditions of title in Exhibit C, attached hereto and incorporated herein by this reference.

Transfer of title shall be effected immediately upon execution of this agreement or closing of escrow opened pursuant to paragraph 4, whichever is sooner, by grant deed which shall forthwith be recorded along with City's acceptance thereof. This agreement shall not be recorded.

3. RETRANSFER OF TITLE TO AGENCY

Upon complete satisfaction of all of City's rental payment obligations under the Project Lease and other documents executed in connection with the City's 1989 Certificates of Participation financing or rental payment obligations under refunding bonds or other instruments issued in connection with the 1989 Certificates of Participation financing, title to Lot G shall be retransferred to Agency, free and clear of any indebtedness, lien or other encumbrance of any sort or nature, except for any item set forth in Exhibit C and any other item mutually agreed upon at the time of retransfer.

Provided, however, if prior to the time that retransfer is required pursuant to this paragraph, the Agency prepays all of its portion of the rental payment obligations under the Project Lease in connection with the City's 1989 Certificates of Participation financing and the City has utilized Lot G as an asset in a lease revenue financing project, or has otherwise pledged Lot G as security in connection with a financing mechanism, the City will retransfer title to Lot G to the Agency if and provided that the City successfully substitutes an asset or assets as security in place of Lot G.

The City agrees not to pledge Lot G as security beyond November 1, 2009 unless the City has refunded the 1989 Certificates of Participation financing and extended the rental payment dates beyond November 1, 2009, in which case any pledge of Lot G will not extend beyond the final rental payment dates of the refunding bonds.

4. ESCROW/TITLE SERVICES

An escrow shall be opened by the parties at the offices of Chicago Title Insurance Company, for the purpose of title examination, document drawing, title insurance and transaction

closing. The parties shall execute appropriate escrow instructions as may be required to complete this agreement and facilitate the closing.

A policy of title insurance shall be issued to City insuring that the title is in fact in the condition called for by this agreement.

The escrowholder's fees, recordation costs, and all other associated costs, including but not limited to title insurance premiums, shall be paid by the Agency.

CITY OF SACRAMENTO

By: \_\_\_\_\_ Mayor

ATTEST:

By: \_\_\_\_\_ City Clerk

APPROVED AS TO FORM:

By:  \_\_\_\_\_ City Attorney

REDEVELOPMENT AGENCY OF THE  
CITY OF SACRAMENTO

By: \_\_\_\_\_ Chairperson

ATTEST:

By: \_\_\_\_\_ Secretary

EXHIBIT A

Description of Site

Description to follow.

EXHIBIT B

Preliminary Title Report

Preliminary Title Report to follow.

EXHIBIT C

Exceptions

Exceptions to Title Report to follow.