

RESOLUTION NO. 2013-076

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK AUTHORIZING AND APPROVING A PROPERTY PURCHASE AND SALE/CLOSING AGREEMENT WITH REDWOOD EQUITIES INVESTMENTS, LLC AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT AND TAKE ALL OTHER ACTIONS NECESSARY TO CONSUMMATE THE TRANSACTION CONTEMPLATED BY THIS RESOLUTION

WHEREAS, the City of Rohnert Park ("City") is the owner of that certain real property (the "Property") consisting of approximately 16.49 acres of land located west of U.S. Highway 101 and north of the Rohnert Park Expressway in the Stadium Lands Master Plan Area of the City and more particularly described in Exhibit A to the Purchase and Sale/Closing Agreement attached hereto as Exhibit 1 and incorporated herein by reference; and

WHEREAS, the Property consists of Lots 2, 3, and 4 and adjoining streets, as shown on Parcel Map 180, recorded on December 11, 2009 in Book 736 of Maps, pages 30-32, Sonoma County Records; and

WHEREAS, the Property was modified by three lot-line adjustments as more particularly described therein, which lot-line adjustments were recorded on April 3, 2013, as Instrument Nos. 20130034300 through 20130034303, inclusive, in the Official Records of Sonoma County; and

WHEREAS, City desires to convey the property to Redwood Equities Investments, LLC ("Redwood Equities") in the interest of promoting implementation of the Stadium Lands Master Plan; and

WHEREAS, City and Redwood Equities previously entered into that certain Option to Purchase and Purchase Agreement dated as of April 8, 2003 (the "Original Option Agreement") and that certain Amendment to Option to Purchase Agreement dated as of September 14, 2004 (the "Option Agreement Amendment"); and

WHEREAS, City and Redwood Equities intend the Purchase and Sale/Closing Agreement attached hereto as Exhibit 1 to govern the terms and conditions for the purchase and sale of the Property, and

WHEREAS, City and Redwood Equities further intend the Purchase and Sale/Closing Agreement to supersede in their entirety the Original Option Agreement, the Option Agreement Amendment, and all other prior or contemporaneous oral or written communications between the Parties regarding the purchase, sale and development of the Property, except as expressly provided otherwise in Section 1 of said Purchase and Sale/Closing Agreement; and

WHEREAS, pursuant to Government Code Section 65402, on July, 29 2004 the City Planning Commission adopted PC Resolution No. 2004-33 and found the sale of the Property to Redwood Equities to be consistent with the City's General Plan for actions described in this Resolution; and

WHEREAS, section 15061 (b) (3) of the CEQA Guidelines exempts activities that are covered under the general rule that CEQA applies only to projects that have the potential to cause significant effects on the environment. Where it can be seen with certainty that there is not possibility the activity in question may have a significant effect upon the environment, the activity is not subject to CEQA. The proposed activity only transfers the ownership of the property from the City to Redwood Equities. Therefore, this activity is exempt from CEQA because there is no possibility for the conveyance to have an effect on the environment; and

WHEREAS, City agrees to sell the Property to Redwood Equities, and Redwood Equities agrees to purchase the Property from City, subject to the terms and conditions set forth in the Purchase and Sale/Closing Agreement; and

WHEREAS, the City Council considered the passage of this Resolution at its regularly scheduled meeting on May 14, 2013.

NOW, THEREFORE, the City Council of the City of Rohnert Park does hereby resolve, determine, find and order as follows:

Section 1. Recitals. The above referenced recitals are true and correct and are incorporated into and form a material part of this Resolution.

Section 2. Approval of Property Purchase Agreement; Authority of City Manager. The City Council hereby consents to the sale of the Property to Redwood Equities for a price of Three Million, Six Hundred Thirty-One Thousand, Six Hundred and Twelve and 45/100 Dollars (\$3,631,612.45) and approves the Purchase and Sale/Closing Agreement in substantially similar form as provided for in Exhibit 1, attached hereto and incorporated by this reference. The City Council authorizes the City Manager to execute said Agreement on behalf of the City of Rohnert Park subject to minor modifications as approved by the City Attorney.

Section 3. Section 65402 Consistency. Pursuant to Government Code Section 65402, the City Council hereby affirms and accepts the City Planning Commission's recommended finding that the actions described in this Resolution are consistent with the City's General Plan.

Section 4. Approval of Deed. The City Manager is hereby authorized and directed to execute a Grant Deed for and on behalf of the City of Rohnert Park, subject to the terms stated in the Property Purchase and Sale/Closing Agreement and to the review and acceptance by the City Attorney.

Section 5. Other Actions Authorized. Subject to the review and acceptance by the City Attorney, the City Manager is hereby authorized and directed to take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated by this Resolution and to take all action necessary in conformity therewith.

Section 6. Severability. If any action, subsection, sentence, clause or phrase of this Resolution or the fees levied by this Resolution shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this Resolution or the fees levied by this Resolution that can be given effect without the invalid provisions.

DULY AND REGULARLY ADOPTED this date of 14th of May, 2013.



CITY OF ROHNERT PARK

Pam Stafford
Pam Stafford, Mayor

ATTEST:

JoAnne Buergler
JoAnne Buergler, City Clerk

Attachments: Exhibit 1, Agreement

AHANOTU: AYE BELFORTE: Absent MACKENZIE: AYE CALLINAN: Absent STAFFORD: AYE
AYES: (3) NOES: (0) ABSENT: (2) ABSTAIN: (0)

EXHIBIT 1

PURCHASE AND SALE/CLOSING AGREEMENT

PURCHASE AND SALE / CLOSING AGREEMENT

This Purchase and Sale / Closing Agreement (this "**Agreement**") is entered into effective as of May 8, 2013 ("**Effective Date**") by and between the City of Rohnert Park, a municipal corporation ("**City**") and Redwood Equities Investments, LLC, a California limited liability company ("**Buyer**"). City and Buyer are collectively referred to herein as the "**Parties**."

RECITALS

A. City is the owner of that certain real property consisting of approximately 16.49 acres of land located west of U.S. Highway 101 and north of the Rohnert Park Expressway and more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "**Property**"). The Property consists of Lots 2, 3, and 4 and adjoining streets, as shown on Parcel Map 180, recorded on December 11, 2009 in Book 736 of Maps, pages 30-32, Sonoma County Records. As described below, the Property has been modified by three lot-line adjustments.

B. City has agreed to sell the Property to Buyer, and Buyer has agreed to acquire the Property from City on the terms and conditions set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Intent of the Parties; Prior Agreements. The Parties previously entered into that certain Option to Purchase and Purchase Agreement dated as of April 8, 2003 (the "**Original Option Agreement**") and that certain Amendment to Option to Purchase Agreement dated as of September 14, 2004 (the "**Option Agreement Amendment**"). The Parties intend this Agreement to: (a) govern the terms and conditions for the purchase and sale of the Property, and (b) except as expressly provided in this Section 1, supersede in their entirety the Original Option Agreement, the Option Agreement Amendment, and all other prior or contemporaneous oral or written communications between the Parties regarding the purchase, sale and development of the Property. Without limiting the generality of the foregoing, the Parties each acknowledge and agree that neither Party has any remaining obligations pursuant to the Original Option Agreement or the Option Agreement Amendment except as may be expressly set forth in this Agreement, and each Party hereby waives, releases, acquits and forever discharges the other Party and their respective officials, agents, employees and representatives from any and all claims, actions, causes of action, demands, rights, liabilities, damages, losses, costs, expenses or compensation, direct or indirect, known or unknown, foreseen or unforeseen that it now has or that may arise in the future in any way arising from or in connection with the performance or failure to perform any obligation arising under the Original Option Agreement or the Option Agreement Amendment.

Notwithstanding the foregoing, the Parties agree that Buyer's obligations pursuant to Paragraph (c) of Section 4.9.1.1 of the Option Agreement Amendment and Section 10.6 of the Original Option Agreement to indemnify, defend and hold the City and its officials, agents, employees

and representatives harmless from and against all claims, damages, liens, liabilities, losses, costs and expenses, including reasonable attorneys' fees, arising in connection with Buyer's inspection and testing of the Property, Buyer's obligation to keep the Property free of mechanics' and materialmen's liens, or arising in connection with the work of any contractor or subcontractor performing work on the Property, shall continue in full force and effect and shall survive the closing for Buyer's acquisition of the Property (the "**Closing**") and the expiration or termination of this Agreement.

2. Agreement to Sell and Purchase. City agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from City, subject to the terms and conditions set forth in this Agreement.

3. Purchase Price and Credits. The purchase price for the Property (the "**Purchase Price**") shall be the sum of Three Million, Six Hundred Thirty-One Thousand, Six Hundred and Twelve and 45/100 Dollars (\$3,631,612.45). The Purchase Price reflects the three lot-line adjustments to Lot 2 and Lot 3 as described in Section 4 below, and reflects the actual square footage to be conveyed to Buyer as follows:

NW Wastewater holding pond parcel (Lot 2, PM no. 180) = 486,307 sq. ft. – 3120 sq.ft. (2-LLAs) = 489,427 sq. ft. x \$4.23/sq. ft. = **\$2,070,276.21**

NE Wastewater holding pond parcel (Lots 3 & 4, PM no. 180) = 106,490 sq. ft. + 130,681 sq. ft. – 2030 sq. ft.(LLA) = 235,141 sq. ft. x \$6.64/sq. ft. = **\$1,561,336.24**

\$2,070,276.21 + \$1,561,336.24 = \$3,631,612.45 Total purchase price

The Parties acknowledge that pursuant to the Original Option Agreement and the Option Agreement Amendment, Buyer has made certain payments to City in an aggregate amount equal to the sum of Two Million, Six Hundred Thousand Dollars (\$2,600,000) (the "**Option Payment Credit**") which sum shall be credited toward the Purchase Price at Closing. In addition, the Parties agree that the sum of Five Hundred Thousand Dollars (\$500,000) (the "**Wastewater Holding Pond Credit**") shall be credited toward the Purchase Price at Closing to cover Buyer's cost to remediate the wastewater holding ponds located on the Property (the "**Wastewater Holding Ponds**"). The Parties intend the provision of the Wastewater Holding Pond Credit to serve as full satisfaction of any and all obligations of City with respect to the Wastewater Holding Ponds, including without limitation, the provision of credits anticipated to have provided pursuant to Section 3.15 of the Original Option Agreement.

Taking the Option Payment Credit and the Wastewater Holding Pond Credit into consideration, the balance of the Purchase Price payable by Buyer at Closing is the sum of Five Hundred Thirty-One Thousand, Six Hundred Twelve and 45/100 Dollars (\$531,612.45). City has no obligation to make any cash payment with respect to the Option Payment Credit or the Wastewater Holding Pond Credit -- the sole value of such credits is as an offset to the Purchase Price payable pursuant to this Agreement. If the Closing does not occur by the Termination Date (defined in Section 6 below), both the Option Payment Credit and the Wastewater Holding Pond

Credit shall be forfeited, and City shall have no obligation to provide either of such credits nor any cash payment or offset of any kind to any party.

4. Lot Line Adjustments. The Parties agree that a lot line adjustment has been processed in order to exclude the concrete vault structure presently located on Lot 3 from the Property, as shown on the drawing attached as Exhibit A-1 to this Agreement, and that the following two (2) additional lot-line adjustments have been undertaken: (i) between Lot 2 and Lands of Cotati-Rohnert Park Unified School District, and (ii) between Lot 2 and Lands of Rural California Broadcasting Corporation (KRCB), each as shown in the Lot-Line Adjustment Plat attached to this Agreement as Exhibit A-2. The Purchase Price set forth in Section 3 reflects the foregoing three lot-line adjustments. Buyer shall have no obligation to pay for the cost of the lot-line adjustments described in this Section.

5. Reimbursement Agreement. Prior to the Effective Date, Buyer prepared or caused to be prepared, at Buyer's expense: (i) a Master Plan for the Property and adjacent lands (the "**Master Plan**") which, among other issues, addresses existing and proposed land uses, a circulation plan, infrastructure needs, and parking requirements; and (ii) an Environmental Impact Report (EIR) for the Master Plan (the "**Master Plan EIR**"). The Parties agree that the cost of preparation for the Master Plan and the Master Plan EIR equals the sum of Two Hundred Sixteen Thousand, Six Hundred Forty Dollars (\$216,640). Buyer is purchasing 16.49 acres of the 31.75 acres encompassing the area covered by the Master Plan (the "**Master Plan Area**") which equals 52% of the Master Plan Area. The remaining property within the Master Plan Area constitutes 48% of the Master Plan Area, and the proportional share of the Master Plan and Master Plan EIR preparation cost attributable to the other property in the Master Plan Area is 48% times \$216,640 or the sum of \$103,987 (the "**Reimbursable Cost**").

As a condition to Closing, the Parties will enter into a reimbursement agreement substantially in the form attached hereto as Exhibit B (the "**Reimbursement Agreement**") pursuant to which City will agree to collect from each other owner of property located within the Master Plan Area, and pay to Buyer, a pro rata share of the Reimbursable Cost. City shall require each owner of property located within the Master Plan Area other than the Property, to pay such pro rata share at the time such owner obtains a building permit applicable to such owner's property. The City shall comply with all applicable laws, regulations and City policies in connection with the adoption and imposition of any amount, fee or condition of approval required or related to satisfying the provisions of this Paragraph. The Property is excluded from the reimbursement requirement since Buyer previously advanced the cost of the Master Plan and the Master Plan EIR. Exhibit C attached hereto and incorporated herein by reference depicts the Master Plan Area and identifies by Assessor's Parcel Number a complete list of the properties that are located within the Master Plan Area and whose owners (other than the owner of the Property) will be required to pay a pro rata share of the Reimbursable Cost. The Parties agree that City's obligation to make payments to Buyer pursuant to the Reimbursement Agreement shall be limited to the amounts City actually receives from such property owners.

6. Closing Date; Termination Date. The Parties anticipate that the Closing will take place on or before June 30, 2013. If the Closing has not occurred by June 30, 2013 (the

“Termination Date”), this Agreement shall terminate, and except as expressly stated herein, the Parties shall have no further obligations under this Agreement.

7. Conveyance of Title. At the close of escrow for conveyance of the Property to Buyer (**“Close of Escrow”**), City shall convey by grant deed to Buyer fee simple title to the Property, free and clear of all liens, encumbrances, defects, conditions and rights of occupancy except: (a) taxes for the fiscal year in which the Closing occurs, which shall be prorated as of the Close of Escrow; (b) applicable building and zoning laws and regulations; (c) the provisions of the Grant Deed; (d) the items described as exception numbers 1 through 15 and exception number 20 in that certain preliminary report (Order No. 01180-41827) for the Property dated April 16, 2013 and issued by Stewart Title Company, a copy of which has been provided to Buyer, and (e) such other title exceptions as Buyer may approve in writing (all of the foregoing, collectively, the **“Permitted Exceptions”**).

8. Escrow; Escrow Instructions. The Parties have opened an escrow to consummate the purchase and sale of the Property pursuant to this Agreement at the office of Stewart Title Company located at 1101 College Avenue, Suite 100, Santa Rosa, CA 95404 (**“Title Company”** or **“Escrow Agent”**). Promptly following the Effective Date, the Parties shall deposit with the Escrow Agent an executed copy of this Agreement, which shall serve as the joint escrow instructions of Buyer and City for this transaction, together with such additional instructions as may be executed by the Parties and delivered to the Escrow Agent.

9. Closing Documents and Funds.

(A) City

(i) By not later than two (2) business days prior to the Close of Escrow, City shall deposit into escrow all of the following:

(a) A Grant Deed (**“Grant Deed”**), duly executed and acknowledged, conveying to Buyer fee simple title to the Property, subject only to Permitted Exceptions;

(b) A duly executed original of the Reimbursement Agreement;

and

(c) Such additional duly executed instruments and documents as the Escrow Agent may reasonably require to consummate the transaction contemplated hereby.

(B) Buyer

(i) By not later than two (2) business days prior to the Close of Escrow, Buyer shall deposit into escrow all of the following:

(a) A duly executed original of the Reimbursement Agreement; and

(b) Such additional duly executed instruments and documents as the Escrow Agent may reasonably require to consummate the transaction contemplated hereby.

(ii) Not less than one (1) business day prior to the Close of Escrow, Buyer shall deposit into escrow immediately available funds in the amount equal to:

(a) The Purchase Price (less the Option Payment Credit and the Wastewater Holding Pond Credit), as adjusted by any prorations between the Parties; and

(b) Funds in the amount necessary to pay Buyer's share of closing costs as set forth in Section 11 below.

10. Close of Escrow. The Parties intend to close escrow within fourteen (14) days of removal of all contingencies and conditions, but not later than the Termination Date (defined above in Section 6), unless this Agreement is terminated pursuant to the terms hereof or extended by mutual written agreement of the Parties. The Escrow Agent shall close escrow by: (i) causing the Grant Deed to be recorded in the Official Records of Sonoma County, California; (ii) issuing the Title Policy and delivering same to Buyer; (iii) delivering to City the monies constituting the Purchase Price less credits, prorated amounts and charges to be paid by or on behalf of City; (iv) delivering to Buyer a conformed copy of the Grant Deed indicating recording information thereon; and (v) delivering to each Party a fully-executed counterpart original of the Reimbursement Agreement. Possession of the Property shall be delivered to Buyer at the Close of Escrow.

11. Closing Costs. City and Buyer shall each pay one-half (1/2) of the escrow fee, the cost of preparing the grant deed for conveyance of the Property, and recording fees. Each Party will pay its respective notary fees. City will pay governmental transfer taxes and conveyance fees, if any, and all other escrow fees. City will pay the cost of the title insurance premium for an ALTA owner's title insurance policy. Buyer will pay the cost to update any survey required in connection therewith.

12. Prorations. All real and personal property ad valorem taxes and special assessment, if any, whether payable in installments or not, including without limitation all supplemental taxes attributable to the period before the Closing date shall be prorated as of the Close of Escrow based upon the most recent available tax rate and assessed valuation.

13. Buyer's Conditions to Closing. The Close of Escrow and Buyer's obligation to purchase the Property are conditioned upon satisfaction (or Buyer's waiver, exercisable in Buyer's sole discretion) of each of the following: (i) Buyer and The Spanos Corporation, a California corporation ("**Spanos**") shall have entered into a binding agreement pursuant to which Spanos shall agree to purchase all or part of the Property from Buyer, and (ii) the commitment by Title Company to issue and deliver to Buyer at Close of Escrow a CLTA Owner's Title Insurance

Policy (“**Title Policy**”) (or at Buyer’s election, an ALTA Owner’s Title Insurance Policy) to be issued by Title Company in the amount of the Purchase Price for the benefit and protection of Buyer, showing fee simple title to the Property vested in Buyer, subject only to the Permitted Exceptions and the standard preprinted exceptions for the form of policy selected by Buyer, including such endorsements as may reasonably be requested by Buyer.

Should any condition to Closing fail to occur, excepting any such conditions that have been waived by Buyer, Buyer shall have the right, exercisable by giving written notice to City, to cancel the escrow, terminate this Agreement, and recover any amounts deposited with the Escrow Agent by or on behalf of Buyer.

14. Buyer’s Representations, Warranties and Covenants. Buyer represents, warrants and covenants that this Agreement and all other documents delivered in connection herewith, prior to or at the Close of Escrow: (i) have been duly authorized, executed, and delivered by Buyer; (ii) are binding obligations of Buyer; and (iii) do not violate the provisions of any agreement to which Buyer is a party. Buyer further represents and warrants that the persons who have executed this Agreement on behalf of Buyer have are duly authorized to do so, that Buyer has the legal right to enter into this Agreement and to perform all of its terms and conditions, and that Agreement is enforceable against Buyer in accordance with its terms.

15. AS-IS Purchase. Buyer acknowledges that it has had an opportunity prior to the Effective Date to examine, inspect and conduct tests of the Property. Unless Buyer elects to terminate this Agreement pursuant to the terms hereof, Buyer will purchase the Property in its “**AS IS, WHERE IS, WITH ALL FAULTS**” CONDITION AS SUCH CONDITION EXISTS ON THE EFFECTIVE DATE WITH NO RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE, AND SUCH SALE WILL BE WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND CITY DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY.

16. Release. As of the Effective Date, Buyer hereby waives, releases, acquits, and forever discharges City and City’s officials, agents, employees and representatives to the maximum extent permitted by law, of and from any and all claims, actions, causes of action, demands, rights, liabilities, damages, losses, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that Buyer now has or that may arise in the future because of or in any way arising from or connected with (i) the condition of the Property except matters arising from City’s fraud or intentional misrepresentation, or (ii) any performance or failure to perform any obligation pursuant to the Original Option Agreement or the Option Agreement Amendment.


Buyer acknowledges that it may have sustained damage, loss, costs or expenses which are presently unknown and unsuspected, and such damage, loss, costs or expenses which may have been sustained may give rise to additional damage, loss, costs or expenses in the future. Buyer also acknowledges that changes in law may occur in the future which may apply retroactively and may allow Buyer to be entitled to further claims for damage, loss, costs or expenses which

are presently unknown and unsuspected. Nevertheless, Buyer hereby acknowledges that this Agreement has been negotiated and agreed upon in light of that situation, and hereby expressly waives any and all rights which it may have under California Civil Code section 1542, or under any statute or common law or equitable principle of similar effect.

BUYER ACKNOWLEDGES THAT BUYER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

BUYER HEREBY EXPRESSLY WAIVES AND RELINQUISHES ALL RIGHTS AND BENEFITS WHICH BUYER MAY HAVE UNDER SECTION 1542 OF THE CALIFORNIA CIVIL CODE AND ANY OTHER PROVISION OF LAW THAT PROVIDES A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT BUYER DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY BUYER WOULD HAVE MATERIALLY AFFECTED BUYER'S AGREEMENT TO RELEASE SELLER.



Buyer's Initials

This Section 16 shall survive the Close of Escrow and the expiration or termination of this Agreement. This release shall not include: (i) any claim Buyer may make to a refund of all or part of the \$50,000 deposit paid by Buyer toward expenses of negotiating and executing a development agreement relating to the Property, or (ii) any claim that may accrue to Buyer as the result of any future application regarding any portion of the Property that is retained by Buyer, or any claim arising out of future activities on any portion of the Property that is retained by Buyer.

17. Damage and Destruction. In the event of any damage or other loss to the Property, or any portion thereof, caused by fire or other casualty prior to the Close of Escrow in an amount not exceeding \$100,000, Buyer shall not be entitled to terminate this Agreement, but shall be obligated to close the escrow and purchase the Property as provided in this Agreement, without abatement in the Purchase Price, provided that City shall: (i) assign and transfer to Buyer all of City's rights under any insurance policy covering the damage or loss, and all claims for monies payable from City's insurer(s) in connection with the damage or loss to the Property, and (ii) pay to Buyer at the Close of Escrow the amount of City's deductible under the insurance policy or policies covering the damage or loss. In the event of damage or destruction of the Property or any portion thereof prior to the Close of Escrow in an amount in excess of \$100,000, Buyer may elect either to terminate this Agreement upon written notice to City, or to consummate the purchase of the Property, in which case City shall (i) assign and transfer to Buyer all of City's rights under any insurance policy covering the damage or loss, and all claims for monies payable from City's insurer(s) in connection with the damage or loss, and (ii) pay to Buyer at the Close of

Escrow the amount of City's deductible under the insurance policy or policies covering the damage or loss. In the event Buyer elects to terminate this Agreement, all funds and documents deposited into escrow by or on behalf of Buyer shall be returned to Buyer, and all rights and obligations hereunder shall terminate except those that expressly survive the termination of this Agreement.

18. Condemnation. If prior to Close of Escrow, a material portion of the Property is taken by eminent domain (or an action of eminent domain has been commenced against all or any portion of the Property) (excluding for purposes of this Section, the exercise of any eminent domain powers by the City), upon City's receipt of notice thereof City shall promptly notify Buyer of such fact, and Buyer shall have the option to terminate this Agreement upon notice to City given not later than ten (10) days after Buyer's receipt of City's notice. If Buyer elects to terminate this Agreement, all funds and documents deposited into escrow by or on behalf of Buyer shall be returned to Buyer, and all rights and obligations of the Parties hereunder shall terminate except those that expressly survive the termination of this Agreement. If Buyer does not exercise such option to terminate this Agreement, City shall assign to Buyer at the close of escrow, and Buyer shall be entitled to negotiate for, receive, and keep, all awards, and rights to receive future awards, for such taking by eminent domain, and the transaction contemplated by this Agreement shall be consummated pursuant to the terms hereof, without any reduction in value of the consideration for the Property.

19. Miscellaneous.

19.1 Notices. All notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service; or (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City:

City of Rohnert Park
130 Avram Ave.
Rohnert Park, CA 94928
Attention: City Manager
Facsimile: 707-792-1876

Buyer:

Redwood Equities Investments, LLC
707 2nd Street, Suite 300
Santa Rosa, CA 95401
Attention: Dennis Hunter
Facsimile: _____

19.2 Amendment; Waiver. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the waiving party. This Agreement may be amended or modified only by a written instrument executed by the Parties.

19.3 Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held by a court of competent jurisdiction, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law unless the rights and obligations of the Parties have been materially altered or abridged thereby.

19.4 Assignment. Buyer may assign its rights hereunder only with the prior written consent of City.

19.5 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement other than as stated in this Section 19.5. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the Close of Escrow and the expiration or earlier termination of this Agreement.

19.6 Litigation Costs; Attorneys' Fees. If any legal action or any other proceeding, including arbitration or action for declaratory relief, is brought for the enforcement of this Agreement or because of an alleged breach or default in connection with this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and other costs, in addition to any other relief to which such Party may be entitled. The provisions of this Section shall survive the Close of Escrow and the expiration or termination of this Agreement.

19.7 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and litigated exclusively in the Superior Court of Sonoma County, California or in the Federal District Court for the Northern District of California. Buyer and City each irrevocably consent to service, jurisdiction, and venue of such courts for any such litigation, and waive any other venue to which such party

might be entitled by virtue of domicile, habitual residence or otherwise. The provisions of this Section shall survive the Close of Escrow and the expiration or termination of this Agreement.

19.8 Provisions Not Merged With Deeds. None of the provisions, terms, representations, warranties and covenants of this Agreement are intended to or shall be merged by the Grant Deed, and neither the Grant Deed nor any other document shall affect or impair the provisions, terms, representations, warranties and covenants contained herein. Without limiting the generality of the foregoing all provisions of this Agreement that expressly state that they shall survive the Close of Escrow and the expiration or termination of this Agreement, shall do so.

19.9 Captions; Construction. The section headings used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

19.10 Action or Approval. Where action and/or approval by City is required under this Agreement, the City Manager may act on and/or approve such matter unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

19.11 Entire Agreement. This Agreement, including Exhibits A through C attached hereto and incorporated herein by this reference, contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

19.12 No Third Party Beneficiaries. Nothing in this Agreement is intended to or shall confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

19.13 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

19.14 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of City shall be personally liable to Buyer or its successors in interest in the event of any default or breach by City or for any amount which may become due to Buyer or its successors in interest pursuant to this Agreement. In addition, notwithstanding Section 1 of this Agreement, no member, official, employee or agent of City shall be personally liable to Buyer or its successors in interest in the event of any default or breach by City or for any amount which may become due to Buyer or its successors in interest pursuant to the Original Option Agreement or the Option Agreement Amendment. This Section shall survive the Close of Escrow and the expiration or termination of this Agreement.

19.15 Time of the Essence; Time for Performance. Time is of the essence for each condition, term, obligation and provision of this Agreement. When the time for performance of any obligation under this Agreement is to be measured from another event, such time period shall include the day of the other event. If the day of the time for performance is not a regular business day, then the time for such performance shall be by the regular business day following such day.

19.16 Escrow Cancellation Charges. If the escrow fails to close by reason of a default by Buyer or City hereunder, such defaulting party shall pay all escrow or other Title Company charges. If the escrow fails to close for any reason other than default by Buyer or City, then Buyer and City shall each pay one-half of such charges.

19.17 Further Assurances. The Parties each agree to execute, acknowledge and deliver to the other such other documents and instruments, and to undertake such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

19.18 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE(S)

IN WITNESS WHEREOF, the duly authorized representatives of the City and Buyer have executed this Agreement as of the date first written above.

CITY:

CITY OF ROHNERT PARK, a municipal corporation

By: _____

Print Name: _____

Title: _____

Approved as to form:

By: _____
City Attorney

BUYER:

REDWOOD EQUITIES INVESTMENTS, LLC, a California limited liability company

By: Deanna Dabenton

Print Name: Deanna Dabenton

Title: Gen Manager

Exhibit A

PROPERTY

The land situated in the State of California, County of Sonoma, City of Rohnert Park and described as follows:

Parcel One:

Lot 2, as shown upon that certain Parcel Map entitled "Parcel Map No. 180", filed for record December 11, 2009 in Book 736 of Maps, at Pages 30,31 and 32 Sonoma County Records.

Excepting therefrom that portion conveyed to Cotati-Rohnert Park Unified School District, a public entity by Lot Line Adjustment Grant Deed executed by City of Rohnert Park, a municipal corporation recorded April 3, 2013 as Instrument 2013 34302 of Official Records.

Also Excepting therefrom that portion conveyed to Rural California Broadcasting Corporation, a California non-profit public benefit corporation by Lot Line Adjustment Grant Deed executed by the City of Rohnert Park, a municipal corporation recorded April 3, 2013 as Instrument 2013 34303 of Official Records.

APN No. 143-040-125 portion

Parcel Two:

Lot 3, as shown upon that certain Parcel Map entitled "Parcel Map No. 180", filed for record December 11, 2009 in Book 736, at Pages 30, 31 and 32 Sonoma County Records.

Excepting therefrom that portion conveyed to the City of Rohnert Park, a municipal corporation by Lot Line Adjustment Grant Deed executed by the City of Rohnert Park and recorded April 3, 2013 as Instrument 2013 34301 of Official Records.

APN No. 143-040-126 portion

Parcel Three:

Lot 4, as shown upon that certain Parcel Map entitled "Parcel Map No. 180", filed for record December 11, 2009 in Book 736, at Pages 30, 31 and 32 Sonoma County Records.

APN No. 143-040-127

Parcel Four:

Lying within the State of California, County of Sonoma, City of Rohnert Park and being a portion of the lands of Cotati-Rohnert Park Unified School District as described by Deed recorded under Document Number 1988-070085 Official Records of Sonoma County, said portion being described as follows:

BEGINNING at the northwest corner of said lands of Cotati-Rohnert Park Unified School District, said corner also being the southwest corner of Lot 2 as shown on Parcel Map No. 180 filed in Book 736 of Maps, Pages 30 through 32, Sonoma County Records; thence along the common line of said lands of Cotati-Rohnert Park Unified School District and Lot 2, North 89°43' 10" East 28.88 feet; thence leaving said common line, South 00°16'50" East 20.00 feet; thence parallel with said common line, South 89°43' 10" West 26.11 feet to the easterly right of way line of Labath Avenue; thence along a non-

tangent curve concave southwesterly of which the radius point bears South $64^{\circ} 13' 28''$ West with a radius of 280.00 feet; through a central angle of $01^{\circ} 17' 17''$, for an arc length of 6.29 feet to the point of intersection with the westerly line said lands of Cotati-Rohnert Park Unified School District; thence leaving said easterly right of way line, along said westerly line, North $00^{\circ} 16' 50''$ West 14.35 feet to the POINT OF BEGINNING.

APN No. 143-040-082 Portion

APN: 143-040-125, 126 & 127

Exhibit A-1

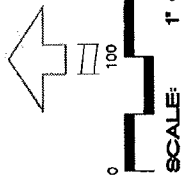
LOT-LINE ADJUSTMENT – LOT 3

(Attach drawing.)

Exhibit A-2

LOT-LINE ADJUSTMENT PLAT – LOT 2

(Attach drawing.)



LOT LINE ADJUSTMENT PARCEL DATA

ASSESSOR'S PARCEL NO.	EXIST. LOT SIZE	NEW LOT SIZE
(PCL A) 143-040-082	3.13 ACRES	3.17 ACRES
(PCL B) 143-040-118	1.20 ACRES	1.23 ACRES
(PCL C) 143-040-125	11.16 ACRES	11.09 ACRES

BASIS OF BEARING

PARCEL MAP NO. 180 FILED IN BOOK 736 MAPS, PAGES 30-32, SONOMA COUNTY RECORDS.

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION ON FEBRUARY 20, 2013.

JAMES M. DICKEY P.L.S. 7935

DATE

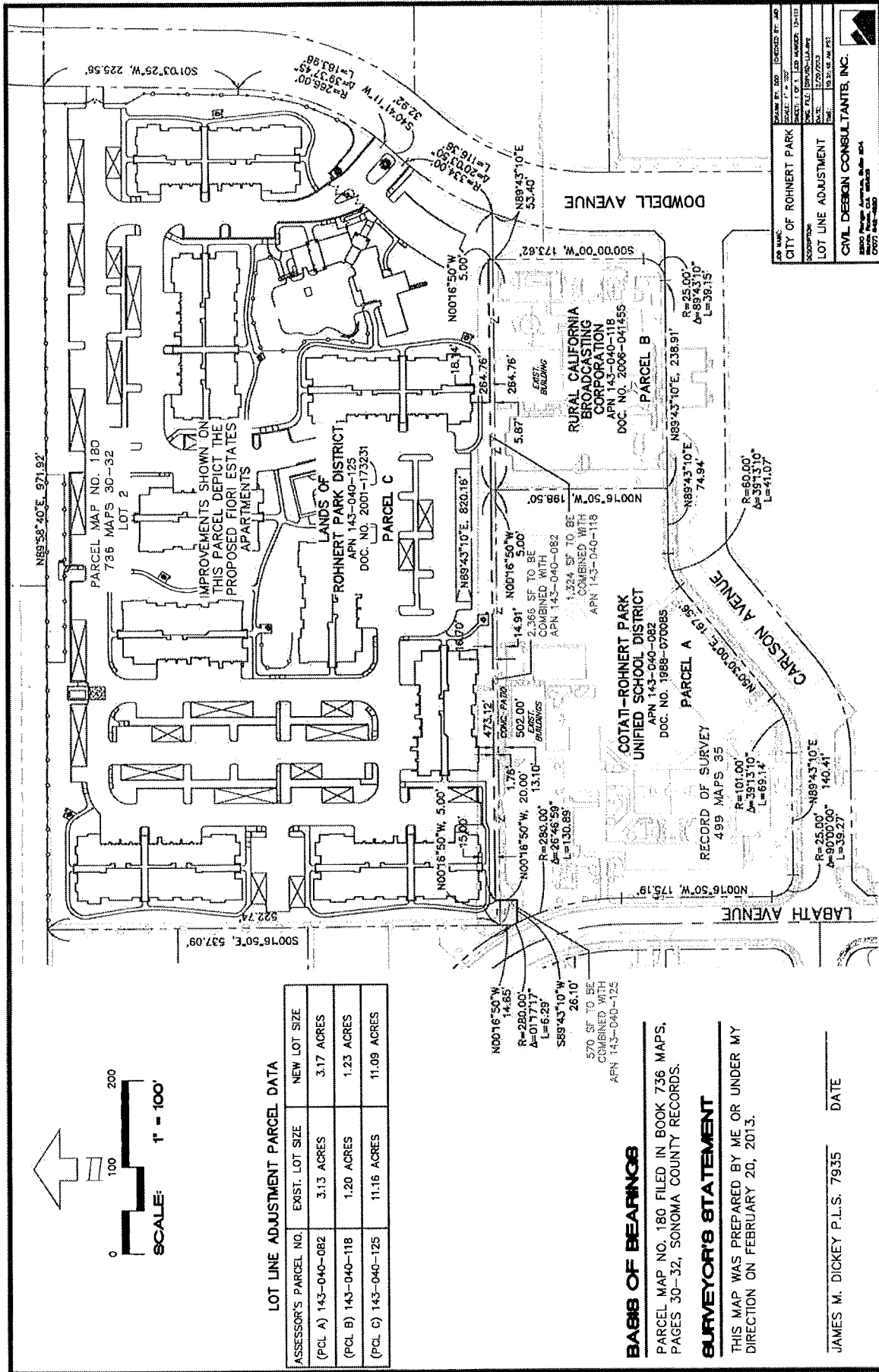


Exhibit B

REIMBURSEMENT AGREEMENT

(Attach agreement.)

REIMBURSEMENT AGREEMENT

This Reimbursement (this "**Agreement**") is entered into effective as of May 8, 2013 ("**Effective Date**") by and between the City of Rohnert Park, a California municipal corporation ("**City**") and Redwood Equities Investments, LLC, a California limited liability company ("**Redwood**"). City and Redwood are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. City is the owner of approximately 16.49 acres of real property located west of U.S. Highway 101 and north of the Rohnert Park Expressway in the Stadium Lands Master Plan Area of the City (the "**Property**"). The Property consists of Lots 2, 3, and 4 and adjoining streets, as shown on Parcel Map 180, recorded on December 11, 2009, in Book 736 of Maps, pages 30-32, in the Official Records of Sonoma County.

B. Pursuant to that certain Purchase and Sale / Closing Agreement dated as of the date hereof and executed by and between City and Redwood (the "**Closing Agreement**"), City will sell to Redwood, and Redwood will purchase from City, the Property, as modified by three (3) lot-line adjustments as more particularly described in the Closing Agreement.

C. Prior to the Effective Date, Redwood prepared or caused to be prepared, at Redwood's expense: (i) a Master Plan for the Property and adjacent lands (the "**Master Plan**") which, among other issues, addresses existing and proposed land uses, a circulation plan, infrastructure needs, and parking requirements; and (ii) an Environmental Impact Report (EIR) for the Master Plan (the "**Master Plan EIR**"). The Parties agree that the cost of preparation for the Master Plan and the Master Plan EIR equals the sum of Two Hundred Sixteen Thousand, Six Hundred Forty Dollars (\$216,640).

D. Pursuant to the Closing Agreement, Redwood will purchase 16.49 acres of the land located within the 31.75 acre area covered by the Master Plan (the "**Master Plan Area**") which equals 52% of the Master Plan Area. The remaining property within the Master Plan Area constitutes 48% of the Master Plan Area or approximately 15.24 acres, and the proportional share of the Master Plan and Master Plan EIR preparation cost attributable to the other property in the Master Plan Area is 48% times \$216,640 or the sum of \$103,987 (the "**Reimbursable Cost**").

E. As a condition to closing for the sale of the Property to Redwood pursuant to the Closing Agreement, the Parties agreed to enter into a reimbursement agreement that would require the City to collect from each owner of property located within the Master Plan Area other than the Property ("**Master Plan Owners**") such owner's respective pro rata share of the Reimbursable Cost and to remit to Redwood any such payment City receives.

AGREEMENT

1. Incorporation of Recitals. The Parties acknowledge the truth of the foregoing Recitals which by this reference are incorporated into this Agreement.

2. Collection of Pro Rata Share of Reimbursable Cost. City will require each Master Plan Owner to pay a pro rata share of the Reimbursable Cost at the time such owner obtains a building permit applicable to such owner's property. As of the Effective Date of this Agreement, the Master Plan Area includes the Property and one additional parcel – APN 143-140-124; therefore, the owner of such parcel would be responsible for the entire Reimbursable Cost, provided however, if such parcel is subdivided, the Reimbursable Cost will be pro-rated among the owners of the resultant parcels. The City shall comply with all applicable laws, regulations and City policies in connection with the adoption and imposition of any amount, fee or condition of approval required or related to satisfying the provisions of this Paragraph. Each Master Plan Owner's pro rata share shall be calculated by dividing the acreage of such owner's property located within the Master Plan Area by 15.24 acres and multiplying by \$103,987. The Property is excluded from the reimbursement requirement since Redwood previously advanced the cost of the Master Plan and the Master Plan EIR. Exhibit 1 attached hereto and incorporated herein by reference includes a depiction of the Master Plan Area and identifies by Assessor's Parcel Number a complete list of the properties that are located within the Master Plan Area.

3. Limitation on City's Payment Obligation. The Parties agree that City's obligation to make payments to Redwood pursuant to this Reimbursement Agreement shall be limited to the amounts City actually receives from the Master Plan Owners as reimbursement for the cost of preparation of the Master Plan and the Master Plan EIR.

4. Effectiveness Contingent Upon Sale of Property. This Agreement shall not become effective unless and until Redwood or any assignee of Redwood permitted pursuant to the Closing Agreement purchases the Property from City pursuant to the Closing Agreement. If Redwood or its permitted assignee does not acquire the Property pursuant to the Closing Agreement, this Agreement shall be null and void and of no further effect.

5. Miscellaneous.

5.1 Notices. All notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service; or (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate

transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City:

City of Rohnert Park
130 Avram Ave.
Rohnert Park, CA 94928
Attention: City Manager
Facsimile: 707-792-1876

Redwood:

Redwood Equities Investments, LLC
707 2nd Street, Suite 300
Santa Rosa, CA 95401
Attention: Dennis Hunter
Facsimile: _____

5.2 Amendment; Waiver. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving party. This Agreement may be amended or modified only by a written instrument executed by the Parties.

5.3 Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held by a court of competent jurisdiction, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law unless the rights and obligations of the Parties have been materially altered or abridged thereby.

5.4 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and litigated exclusively in the Superior Court of Sonoma County, California or in the Federal District Court for the Northern District of California. Redwood and City each irrevocably consent to service, jurisdiction, and venue of such courts for any such litigation, and waive any other venue to which such party might be entitled by virtue of domicile, habitual residence or otherwise.

5.5 Captions; Construction. The section headings used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

5.6 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

5.7 No Third Party Beneficiaries. Nothing in this Agreement is intended to or shall confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

5.8 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

5.9 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of City shall be personally liable to Redwood or its successors in interest in the event of any default or breach by City or for any amount which may become due to Redwood or its successors in interest pursuant to this Agreement.

5.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE(S).

IN WITNESS WHEREOF, the duly authorized representatives of the City and Redwood have executed this Agreement as of the date first written above.

CITY:

CITY OF ROHNERT PARK, A MUNICIPAL CORPORATION

By: _____

Print Name: _____

Title: _____

Attest:

By: _____

Approved as to form:

By: _____
City Attorney

REDWOOD:

REDWOOD EQUITIES INVESTMENTS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: Dennis R. Hawley

Print Name: Dennis R Hawley

Title: Gen Manager

Exhibit 1

PARCELS WITHIN MASTER PLAN AREA

(Attach diagram. See Section 2.)

As of May 1, 2013, the following parcels are located within the Master Plan Area:

APN 143-040-124

APN 143-040-125

APN 143-040-126

APN 143-040-127

The “Property” (as defined in the Agreement to which this Exhibit is incorporated) consists of APNs 143-040-125, 143-040-126 and 143-040-127.

Exhibit 1

DIAGRAM OF PARCELS INCLUDED IN REIMBURSEMENT AGREEMENT

Assessor's Parcel Numbers as of April 2013; 143-040-124, 143-040-125, 143-040-126, 143-040-127

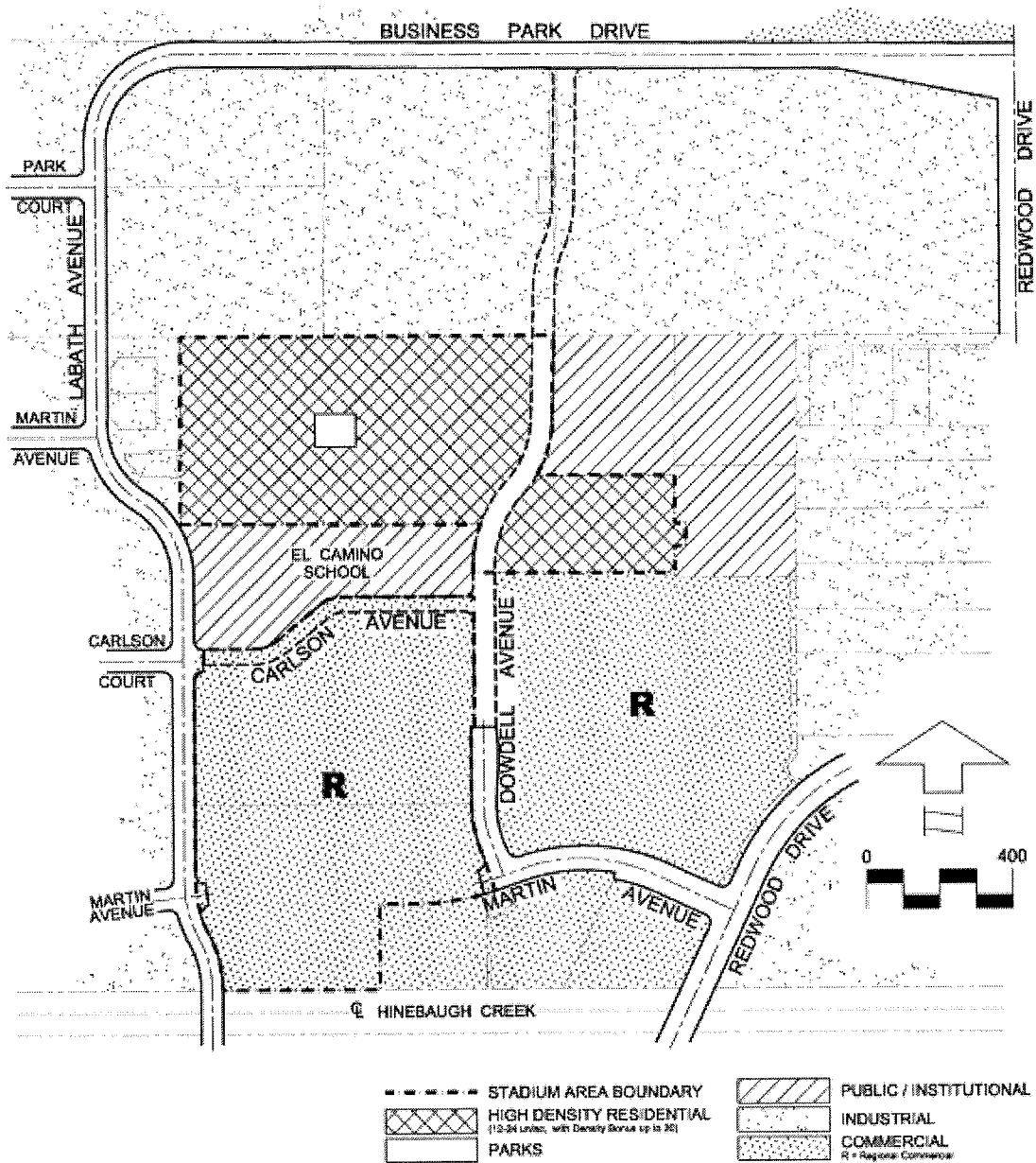


Exhibit C

PROPERTY LOCATED WITHIN MASTER PLAN AREA

(Attach diagram. See Section 5 above.)

Exhibit C

DIAGRAM OF PARCELS INCLUDED IN REIMBURSEMENT AGREEMENT

Assessor's Parcel Numbers as of April 2013; 143-040-124, 143-040-125, 143-040-126, 143-040-127. The Property as defined in the Agreement to which this Exhibit is incorporated consists of APNs 143-040-125, 143-040-126 and 143-040-127.

