

1 **WHEREAS**, per DOF’s letter of May 17, 2016, on August 1, 2016, the Mayor and City
2 Council adopted Resolution No. 2016-165, which authorized the transfer from the Successor
3 Agency and the acceptance by the City of the seven (7) sites identified with the LRPMP as
4 future development sites (the “Future Development Sites”) subject to the City accepting all of
5 the Successor Agency’s obligations to comply with the applicable provisions of the HSC
6 governing the later transfer of future development-designated real property to third-party
7 entities, just as though said real property had never been transferred to the City by the Successor
8 Agency in the first place; and

9 **WHEREAS**, consistent with the foregoing, the Successor Agency transferred the
10 Future Development Sites to the City via quitclaim deed on August 16, 2016 and the City is now
11 responsible for compliance with the applicable provisions of the HSC governing the later
12 transfer of the Future Development Sites to third-parties; and

13 **WHEREAS**, consistent with the foregoing, the City is the owner of record as to that
14 certain real property consisting of approximately 0.46 acres of vacant land located at 333 North “H”
15 Street, San Bernardino, California (APN 0134-182-04) (the “Property”); and

16 **WHEREAS**, within the LRPMP, the Property is: i) identified as a non-contiguous portion
17 of Site No. 20 (i.e., also known as the Carousel Mall site); ii) described as a vacant commercial site;
18 iii) designated for future development; and iv) more fully described within Exhibit "A" attached
19 hereto, which is an excerpt from the LRPMP; and

20 **WHEREAS**, since the Property was never a portion of the Carousel Mall and will not be
21 included within future development plans for the reuse of the Carousel Mall site, the City has
22 determined that the Property should be sold instead of being held for future development and that
23 the net proceeds of sale are to be distributed to the taxing entities; and

24 **WHEREAS**, pursuant to its letter dated January 17, 2017, Fairview Ford Sales, Inc.
25 (“Fairview”) has offered to purchase the Property for \$80,152.00 for parking purposes (the
26 “Purchase Price”), subject to certain conditions, as more fully described within the Fairview offer
27 letter, a copy of which is attached to this Resolution as Exhibit “B”; and

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1 **WHEREAS**, to determine whether the purchase price offered by Fairview is fair and
2 reasonable, the City commissioned Lee & Associates Commercial Real Estate Services (“Lee &
3 Associates”) of Ontario California, a real estate brokerage firm familiar with the
4 industrial/commercial real estate market within the Inland Empire Region in general and the City of
5 San Bernardino in particular, to prepare a Broker’s Opinion of Value (the “BOV”) to confirm if the
6 purchase price offered by Fairview for the Property is fair and reasonable; and

7 **WHEREAS**, based on past practice, the DOF has acknowledged that BOVs are an
8 acceptable method and basis for confirming that the value of real property being sold by a successor
9 agency is fair and reasonable; and

10 **WHEREAS**, on February 2, 2017, the City received the BOV from Lee & Associates
11 indicating its opinion that the market value of the Property is currently \$78,148.00 (the “BOV
12 Market Value”); and

13 **WHEREAS**, in consideration that the Purchase Price exceeds the BOV Market Value by
14 \$2,004.00 or 2.6%, it may be concluded that the Purchase Price is fair and reasonable, as more fully
15 described within the BOV, a copy of which is attached to this Resolution as Exhibit “C”; and

16 **WHEREAS**, this Resolution will approve the Purchase and Sale Agreement and Joint
17 Escrow Instructions (the “Agreement”) between the City and Fairview with respect to the
18 Property, a copy of which is attached to this Resolution as Exhibit “D”, and authorize certain
19 related actions; and

20 **WHEREAS**, consistent with the foregoing and consistent with the provisions of the
21 HSC and the LRPMP with respect to real property to be sold, on March 6, 2017 the City Council
22 approved the Agreement, subject to the approval by Oversight Board and the DOF; and

23 **WHEREAS**, subject to receiving the approvals of the Oversight Board and DOF and on
24 behalf of the Successor Agency, the City intends to distribute the land sale proceeds to the San
25 Bernardino County Auditor-Controller for distribution to the taxing entities, less the costs of sale
26 attributable to the City that are described within the Agreement; and

27 **WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have
28 been met.

1 **NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Successor
2 Agency to the Redevelopment Agency of the City of San Bernardino, as follows:

3 **Section 1.** The foregoing recitals are true and correct and are a substantive part of this
4 Resolution.

5 **Section 2.** The Purchase Price is determined to be fair and reasonable.

6 **Section 3.** The Agreement, attached hereto as Exhibit "D", is approved.

7 **Section 4.** On behalf of the Successor Agency, the City's distribution of the land sale
8 proceeds to the San Bernardino County Auditor-Controller for distribution to the taxing entities,
9 less the costs of sale attributable to the Successor Agency, is approved.

10 **Section 5.** The City Manager, or designee, is hereby authorized and directed to: i) notify
11 DOF concerning this Resolution, in accordance with the applicable provisions of the HSC; and ii)
12 take such other actions and execute such other documents as are necessary to effectuate the intent of
13 this Resolution

14 **Section 6.** This Resolution shall take effect upon the date of its adoption. The
15 effectiveness of the Agreement is conditioned upon its approval by the DOF.

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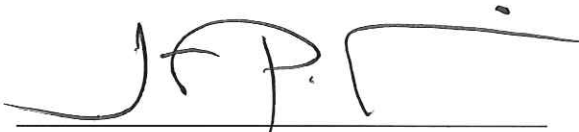
1 RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR
 2 AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN
 3 BERNARDINO APPROVING THE PURCHASE AND SALE AGREEMENT
 4 AND JOINT ESCROW INSTRUCTIONS BETWEEN THE CITY OF SAN
 5 BERNARDINO AND FAIRVIEW FORD SALES, INC. WITH RESPECT TO
 THE REAL PROPERTY LOCATED AT 333 NORTH "H" STREET, SAN
 BERNARDINO, CALIFORNIA (APN 0134-182-04) AND APPROVING
 CERTAIN RELATED ACTIONS

6 PASSED, APPROVED AND ADOPTED THIS 27th day of March, 2017, by the following vote:

7 Board Members	Ayes	Nays	Abstain	Absent
8 HEADRICK	X			
9 HILL	X			
10 MORRIS	X			
11 O'TOOLE	X			
12 SMITH	X			
13 TORRES				X
14 (VACANT)				

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 17 
 18 Lisa Connor, Secretary

19 The foregoing Resolution is hereby approved this 27th day of March, 2017.

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 23 James P. Morris, Chairman
 24 Oversight Board for the
 25 Successor Agency to the Redevelopment
 26 Agency of the City of San Bernardino
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**Narrative for Site No. 20
333 N. "H" Street, San Bernardino
(APN 0134-182-04)
Excerpted from the
Long-Range Property Management Plan
(Pages 87-96)**

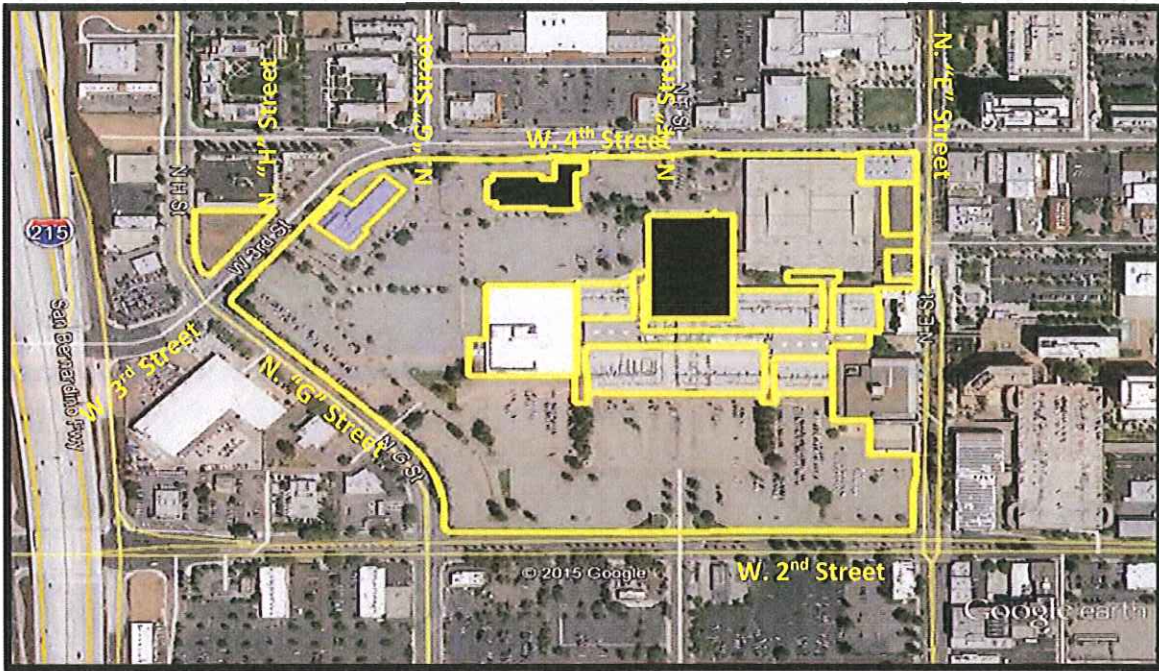
(See Attachment)

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Site No. 20: Carousel Mall

Address:	333 N. "H"	396 N. "E"	144 Carousel	322-344 N. "E"	120-295	
APNs:	Street	Street	Mall	Street	Carousel Mall	0134-231-31
	0134-182-04	0134-221-43	0134-181-28	0134-231-28		0134-291-11
						0134-301-20
						0134-301-22
						0134-231-27
						0134-231-29





Site No. 20: Carousel Mall

A. Permissible Use (HSC § 34191.5 (c) (2)):

Site No. 20 is the Carousel Mall and is proposed to be transferred to the City of San Bernardino for future development pursuant to HSC § 34191.5 (c) (2).

B. Acquisition of Property (HSC § 34191.5 (c) (1) (A) and § 34191.5 (c) (1) (B)):

Property records indicate that the Carousel Mall was acquired by the Agency in several separate transactions and carries a total Book Value of \$18,935,874. The following table details the property records:

0				
APN	Acquisition Date	Book Value	Original APNs as Acquired by Agency	Historical Background
0134-221-45	June 1973	\$68,824	0134-181-29	Part of an urban renewal project California R-79
		\$137,649	0134-191-28	
		\$13,356	0134-201-26	
		\$192,709	0134-211-39	
		\$141,779	0134-221-44	
		\$4,817	0134-221-46	
0134-231-31	June 1973	\$89,472	0134-231-30	
		\$68,824	0134-264-18	
		\$199,591	0134-271-31	
		\$199,591	0134-281-21	
		\$206,474	0134-291-12	
		\$137,649	0134-301-28	
0134-182-04	December 2014	\$318,144		
0134-221-43	December 2006	\$706,995	---	---
0134-181-28	May 2011	\$16,450,000	---	---
0134-211-34				
0134-211-38				
0134-231-27				
0134-231-28				
0134-231-29				
0134-291-11				
0134-301-20				
0134-301-22				

The Carousel Mall was acquired by the Agency in order to meet the revitalization goals of the City and the Agency to alleviate the existence and spread of physical and economic blight. The estimated current value (the "ECV") of the Carousel Mall is approximately \$10,650,000.



Site No. 20: Carousel Mall

C. Site Information (HSC § 34191.5 (c) (1) (C)):

The Carousel Mall consists of thirteen (13) parcels totaling approximately 40.08 acres. The main address of the Carousel Mall is 295 Carousel Mall. The following table describes the Carousel Mall’s improvements:

<i>Carousel Mall Improvements</i>					
<i>APN</i>	<i>Address</i>	<i>Current (c) or Former (f) Use</i>	<i>Type of Structure /Improvement</i>	<i>Year Constructed</i>	<i>Square Footage</i>
0134-181-28	144 Carousel Mall	Auto Repair (f)	Masonry	1973	15,072
0134-182-04	333 N. “H” Street	Vacant		---	
0134-221-43	396 N. “E” Street	Office/Retail (f)	3-Story Unreinforced Masonry	1941/1965	32,848
0134-211-34	120-295 Carousel Mall	Retail (c)	2-Story Concrete	1973	36,243
0134-211-38		Retail (c)	2-Story Concrete		146,784
0134-221-45		Parking Lot (c)	Asphalt/Concrete Parking Structure		14,347
0134-231-27		Retail (c)	2-Story Concrete		33,190
0134-231-29		Retail (c)	2-Story Concrete		80,252
0134-231-31		Parking Lot (c)	Asphalt/Concrete Parking Structure		1,336,412
0134-291-11		Retail (c)	2-Story Concrete		168,716
0134-301-20		Retail (c)	Concrete		76,949
0134-301-22		Retail (c)	2-Story Concrete		36,972
0134-231-28		322-344 N. “E” Street	Retail (c)		Metal Frame/Stucco

The Carousel Mall zoned Commercial Regional-Downtown (CR-2) and Commercial General (CG-1) in the City’s General Plan. The purpose of the CR-2 zone is to permit a diversity of regional-serving uses in the Downtown area including local, county, and state governmental/administrative uses, professional offices, cultural/historical and entertainment uses, convention facilities, hotels/motels, financial establishments, restaurants, supporting retail and services, educational institutions, public open spaces, and residential and senior housing. The purpose of the CG-1 zone is to provide for the continued use, enhancement, and new development of retail, personal service, entertainment, office, and related commercial uses along major transportation corridors and intersections to service the needs of the residents; reinforcing existing commercial corridors and centers and establishing new locations as residential growth occurs.

The Carousel Mall is located within the City’s “E” Street Strategic Area. “E” Street is a significant north-south roadway located in the central portion of the City. “E” Street connects Downtown to Baseline, Highland, and to the 30 freeway on the northern end, and Hospitality Lane to the south. “E” Street currently has the greatest number of transit trips in the Omnitrans system, which makes it an ideal candidate for development.



Site No. 20: Carousel Mall

D. Estimated Current Value (HSC § 34191.5 (c) (1) (D)):

To determine the ECV for the Carousel Mall, in January 2015, the Agency conducted a comparable sales analysis through the National Data Collective.²³ The comparable sales results were 28 years old and therefore determined by the Agency to be irrelevant in determining the ECV of the Mall Property and therefore the 2011 acquisition price of the main Carousel Mall structure (\$16,450,000) was used as the ECV. The ECV was then offset by two (2) significant cost issues: (i) the cost to demolish the mall structure, while protecting the privately owned historic buildings in extreme close proximity to the mall structure; and (ii) the cost for additional environmental studies as recommended and studies that need to be conducted (i.e., lead-paint and asbestos survey and abatement, investigation of recognized environmental concerns), along with the potential cost for remediation. After accounting for the additional costs, the ECV was determined to be approximately \$10,650,000, as depicted below:

Comparable Sales Value:	\$16,450,000
Environmental Analysis/Remediation:	(\$1,000,000)
Demolition Costs:	(\$4,800,000)
ECV:	\$10,650,000

Currently, the Carousel Mall, as a whole, has three owners: the Successor Agency (as owner and as successor in interest to the Agency, Monwar, Upham, and the Mall Developer), El Cortes Ingles de Spain (as successor in interest to Harris'), and Pine Mountain Development, LLC (as successor in interest to Penney's and Upham) (collectively to be known as the "Parties of Interest").

Factors that will affect the future development of the Carousel Mall are the restrictions and easements that run with the land as found in the 1970 recorded Restriction and Easement Agreement (the "1970-REA") between the Agency, the City of San Bernardino (the "City"), J.C. Penney Company ("Penney's"), Monwar Property Corporation ("Monwar"), the Harris Company ("Harris"), John S. Griffith & Co. and Curci-Turner Co. (the "Mall Developer" or the "Developer"), Upham Development Company ("Upham"), and Connecticut General Mortgage and Realty Investments. All covenants, conditions, restrictions, rights, reservations, easements, liens and charges set forth in the 1970-REA inure to the benefit of the successors and assigns of the respective parties to the 1970- REA.²⁴

The 1970-REA is for a term of 50 years (first termination date December 24, 2020), but for no longer than 99 years (December 24, 2069). At the termination of the 1970-REA, the Parties of Interest may elect to exercise its option to purchase portions of the Agency parking parcels. A breach of the 1970-REA by one of the Parties of Interest does not entitle that Party to cancel or rescind or otherwise terminate the 1970-REA.²⁵

Local factors were not taken into consideration in determining the ECV of this site. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a rough

²³ www.ndcdata.com

²⁴ 1970 Restriction and Easement Agreement, pg. 71, as document recorded in the County of San Bernardino, Book 7580, Page 280 of Official Records

²⁵ *Ibid.*, pg. 69



Site No. 20: Carousel Mall

estimate planning number and should not be relied upon as a basis for actual value. The real value of the property cannot be determined without an appraisal.

E. Site Revenues (HSC § 34191.5 (c) (1) (E)):

The Carousel Mall generates revenues from several leases/rental agreements as the following table indicates:

Carousel Mall Lease/Rental Revenues					
Tenant	Agreement Type		Agreement Expiration Date	Monthly Payment*	Annual Revenue Received
	Lease	Rental			
Andreson Building (parking only)	X		June 2015	\$624	\$7,488
Alice's Antiques/Featherstone		X		\$403	\$4,836
Back Street Beauty		X		\$309	\$3,708
Bayside Watch		X		\$244	\$2,928
Carousel Coin & Jewelry Exchange		X		\$921	\$11,051
City Styles		X		\$500	\$5,998
Dale's Coin Chest	X		April 2015	\$875	\$10,494
Daniel's Jewelers/Sherwood Mgmt.	X		December 2016	\$4,466	\$53,592
Democratic Luncheon Club		X		\$323	\$3,876
Express Cobbler		X		\$140	\$1,680
Fortune School	X		July 2015	\$29,586	\$355,028
KCAA Radio		X		\$1,143	\$13,718
Libreria del Pueblo		X		\$920	\$11,040
Lisa's Threading		X		\$455	\$5,460
Mega Beauty Supply		X		\$3,342	\$40,103
Minuteman Press		X		\$855	\$10,260
Mr. You Chinese Restaurant		X		\$1,823	\$21,876
Nail Fashions		X		\$967	\$11,604
One Hour Photoland		X		\$213	\$2,556
Perfume Mart		X		\$102	\$1,224
Pro Jersey		X		\$301	\$3,612
Rose Alterations		X		\$514	\$6,168
Totals				\$49,025	\$588,300**

* Tenant rent payment fluctuates monthly
 ** Amount fluctuates according to monthly rent payments

The revenues generated by the Carousel Mall are used for property maintenance.

F. History of Environmental Contamination (HSC § 34191.5 (c) (1) (F)):

In May 2010, Ninyo & Moore, Geotechnical and Environmental Sciences Consultants ("Ninyo & Moore") conducted and submitted a *Phase I Environmental Assessment Carousel Mall Parking Lot, 295 Carousel Mall, San Bernardino, California* at the request of the Agency. Ninyo & Moore's conclusions and recommendations are as follows:

"This assessment has revealed the following RECs in connection with the site:



Site No. 20: Carousel Mall

- The existing clarifier (not addressed by the remediation efforts) at the former J.C. Penney Service Center [not owned by the Agency].
- Fifteen areas with historic site uses of auto repair, gasoline service stations, drycleaners, metal plating, paint spraying, and degreasing.
- The former Montgomery Wards Service Center at 144 Central City Mall, due to reported impacts and to the lack of case closure from the Santa Ana RWQCB.
- The area of subsided, cracked pavement observed on the eastern side of the bottom level of the multi-level parking structure representing a potential UST and lack of records regarding this potential UST available for review.

Based on the above-mentioned opinions and conclusions, Ninyo & Moore recommended the following additional environmental actions:

- The former clarifier for the J.C. Penney Service Center should be closed in accordance with all applicable local and state regulations [not owned by the Agency].
- A subsurface evaluation should be conducted at the site to evaluate whether contaminants are present in the subsided, cracked pavement observed on the east side of the bottom level of the multi-level parking structure representing a potential UST. Due to the historical use of on-site former gasoline stations and dry-cleaning facilities, the recommended evaluation should include analysis for gasoline and hazardous waste (e.g., dry-cleaning solvents) constituents.
- A subsurface evaluation should be conducted at the site to evaluate whether contaminants are present in site soil and soil gas due to historic site uses such as auto repair, gasoline service stations, drycleaners, metal plating, paint spraying, and degreasing.
- The Supplemental Site Assessment and SVE Pilot Test Work Plan prepared by Gannett Fleming in 2010 for proposed work at Montgomery Wards Service Center at 144 Central City Mall should be conducted to complete delineation of impacts from prior site use as well as soil gas extraction in a pilot test to gather data necessary for the installation of a final remediation system.”

The Agency accepted Ninyo & Moore’s recommendations and prior to the dissolution of redevelopment agencies in California, intended to initiate further environmental investigations.



Site No. 20: Carousel Mall

G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC § 34191.5 (c) (1) (G)):

There is potential for a Transit Oriented Development in conjunction with the Carousel Mall. The Carousel Mall is located approximately one block north of the San Bernardino Regional Transit Center ("SB Transit Center"), which provides multi-modal access to the Carousel Mall through both local and regional public transit systems, and provides direct transit access to and from three major universities in the region. The \$128 million SB Transit Center is under construction with phase one opening in mid-2015 and phase two opening in mid-2016. The SB Transit Center brings the following multiple modes of public transit, with an estimated 8,000 people passing through the Transit Center daily:

- Metrolink Regional Passenger Rail System (opening mid-2016). The Southern California Regional Passenger Rail system (Metrolink) is being extended into downtown San Bernardino, where three new rail platforms at the SB Transit Center will be the point origination and termination for 50 passenger trains each day with service to and from downtown San Bernardino to downtown Los Angeles (avg. 20,000 weekly riders) and to Orange County (avg. 7,500 weekly riders). Metrolink is the regional passenger rail system serving the 18 million residents in the five-county Southern California region. The Project Site is one of the only large, available properties adjacent to a main terminal station on the Metrolink system.
- sbX High-Speed Bus Rapid Transit (BRT) System (opened April 2014). The sbX Bus Rapid Transit (BRT) system commenced service in April 2014, the first high-speed BRT system outside of Los Angeles in Southern California. This transit system directly connects the Project Site along a sixteen-mile corridor with California State University, San Bernardino (17,000 students & faculty) at the north end and Lorna Linda University & Medical Center (8,000 students & faculty) at the south end. There is a sbX BRT center-lane station at the mid-point on the eastern boundary of the Project Site.
- Local Light Rail Transit System (opening 2018). A 9-mile light rail system connecting downtown San Bernardino to downtown Redlands and the University of Redlands (4,000+ students & faculty) is currently under design and engineering. This transit system is programmed to commence service in 2018. The light rail system is proposed to have six stations with origination and termination at the SB Transit Center.
- Local and Regional Bus Service (opening mid-2015). The SB Transit Center also contains 22 bus bays that bring together local and regional bus service from throughout San Bernardino and Riverside Counties, serving over two million residents throughout Inland Southern California.

The Downtown area plays a pivotal role in the City. It is the symbolic center as well as the social and economic heart of San Bernardino. Within its boundaries are the City Hall, City Police Headquarters, County Administrative Center, Law Library and Court House, Carousel Mall, Federal building, State offices, California Theatre of the Performing Arts, Caltrans, Seccombe Lake Recreation Area, Pioneer Memorial Cemetery, Sturges Auditorium, Radisson Hotel, and Meadowbrook Park. There is an opportunity to capitalize and improve upon this role. According



Site No. 20: Carousel Mall

to the Existing Economic Conditions and Trends Study prepared for the General Plan Update, “the large cluster of existing multi-government offices in the City, particularly in the downtown area, provide a sustained demand for business, retail, and professional services in the City.” The study also indicates that some of the office demand in San Bernardino is likely to be met by infill development in the Downtown area (approximately 170,000 square feet annually over the next five years) and with the City’s long-term Downtown Revitalization strategy and possible expansion of the government center. The increased employment in the Downtown area will then provide additional support for retail and pedestrian oriented retail development. Opportunities for downtown revitalization in the downtown area are new mixed-use residential and office development projects, which will help support the addition of new retail space.²⁶

The transfer of the Carousel Mall for future development to the City of San Bernardino advances the planning objectives of the Successor Agency and the City in accordance with the City’s General Plan, 2009-Downtown Core Vision & Action Plan, and the Agency’s Five-Year Implementation Plan 2009/2010 through 2013/2014 in order to:

1. Investigate possible new uses at Carousel Mall as identified in the Downtown Core Vision/Action Plan, including urban retail uses to complement existing retail;
2. Promote revitalization of the Carousel Mall through a mixture of land uses, such as additional office and mixed-use space;
3. Focus on creating distinct, discernible “places” of varied sizes, functions, and complexity to achieve greater private sector profit, public benefit, and sustainability;
4. Provide opportunities for private investment in the City by combining entertainment with retail to compliment the future development of the Carousel Mall;
5. Encourage pedestrian friendly uses/developments;
6. Encourage an appropriate mix of revenue-generating land uses to maintain a competitive edge and a strong sales tax base;
7. Maximize opportunities that generate taxable sales in targeted growth areas;
8. Work with Omnitrans to explore initiatives that promote development near transit stops in order to encourage transit ridership, reduce vehicular trips, improve air quality, and improve traffic congestion;
9. Recycle and/or develop underutilized parcels to eliminate blight and accommodate higher and better economic uses while enhancing the City's financial resources.

²⁶ *City of San Bernardino General Plan*, November 1, 2005, page 2-66



Site No. 20: Carousel Mall

H. History of Previous Development Proposals and Activity (HSC § 34191.5 (c) (1) (H)):

On November 20, 2014, the City issued a Solicitation of Interest (the “SOI”) for the Carousel Mall identified as a 43-acre Transit-Adjacent Site in the Downtown Core. Responses to the SOI have been received by the City and are currently under review. The response selected by the City will help determine the future development direction of the Carousel Mall.

APN 0134-182-04

This parcel is located at 333 N. “H” Street, and is currently a vacant lot. The site formerly contained a gym and health club. That building was demolished in 2010 by the City Code Enforcement. Located south of 4th Street at the intersection of “H” Street and “G” Street, just east of I-215, it is strategically located at the west end of the Carousel Mall. The property is also located within the Downtown Core Vision Plan and the plan for the redevelopment of the Carousel Mall. There have been no other development activities or proposals.

APN 0134-221-43

This parcel is located at 396 N. “E” Street, and is currently vacant. The building on site is known as the Woolworth Building and was one of America’s original “five and dime” stores. The Woolworth Building was constructed in 1936, and with the opening of the Carousel Mall in 1972, a second Woolworth’s store was opened within the Mall. In 1976, the Woolworth Building closed. Since then the building has been occupied by other businesses including San Bernardino County Child Protective Services. The Building is currently used as storage for the Successor Agency. The property is situated at the northeast corner of N. “E” Street and 4th Street, which makes it the northeasterly corner of the Carousel Mall. The Building is also located within the Downtown Core Vision Plan and the plan for the redevelopment of the Carousel Mall. There have been no other development activities or proposals. There have been no other development activities or proposals.

I. Disposition of Property:

The City’s policies and procedures for property disposition, located in Exhibit “A” Section II, will guide the disposition of the Property.

The ECV of the Carousel Mall is approximately \$10,650,000.

The following process was used in determining the ECV of the Carousel Mall:

Date of estimated current value – January 2015

Value Basis – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service. The ECV is approximately \$10,650,000.

Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary greatly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.



Site No. 20: Carousel Mall

J. Implementation of the Long-Range Property Management Plan:

The Carousel Mall will be transferred to the City of San Bernardino for future development subsequent to securing an HSC § 34180 (f) (1) compensation agreement (the “Compensation Agreement”) with the affected taxing entities, or as may otherwise may be provided by the HSC.

**January 17, 2017 Letter
From
Fairview Ford Sales, Inc.**

(See Attachment)

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Fairveiw Ford Sales, Inc.

292 N. G Street

San Bernardino, California 92410

909-386-0253

17 January 2017

Mr. Mark Scott
City Manager
City Hall
City of San Bernardino
300 North "D" Street, 6th Floor
San Bernardino, California 92418

Re: Offer to purchase 333 N. "H" Street (APN 0134-182-04)

Dear Mr. Scott:

This is a follow-up to our January 10, 2017 meeting with Ms. Andrea Miller, Assistant City Manager, and others during which we expressed our interest in acquiring the approximately 20,038 square foot vacant property located at 333 N. "H" Street (APN 0134-182-04) (the "Property"). The Property is currently owned by the City of San Bernardino has been designated for future development within the approved Long-Range Property Management Plan (the "LRPMP"), which was prepared by the Successor Agency to the Redevelopment Agency of the City of San Bernardino (the "Successor Agency"). The Property is further described within the LRPMP as a portion of Site No. 20, Carousel Mall Property" (see pages 87-96). We understand that the Property will not be considered a part of the future redevelopment of the Carousel Mall site and instead is available for purchase and sale.

In our discussions with your staff and consultants, we confirmed our interest in acquiring the Property for parking purposes. It was confirmed that our firm may be able to purchase the Property subject to the following conditions:

1. The Property may only be sold in its "as-is" condition. Recent sales of vacant land in the immediate area range from \$3.28 to \$5.47 per square foot – Please see Exhibit A, attached. Based on these comparable sales, we believe the current value of the Property is \$4.00 per square foot, or a total of \$80,152.00. We propose to acquire the Property for that amount. We also understand that the City intends to obtain, at its cost, a stand-alone "Broker's Opinion of Value" from a third-party broker to satisfy itself with respect to our fair market offer to purchase the Property and to conform with documentation requirements of State law.
2. The Property is to be sold and acquired in an "as-is" condition.
3. The purchase price will be paid with cash and there will not be any financing, entitlement or other contingencies, except as noted in this letter.

4. The sale will only be contingent upon the approval of the Mayor and Common Council, the Successor Agency's Oversight Board and the California Department of Finance (the "DOF"). Based on this, we understand that it may take 60 to 90 days to process a purchase and sale agreement.
5. The City will not pay any broker commissions; however, our firm may pay its own broker and/or consultants in or outside of escrow.
6. The Parties will cooperate in the selection of a title company and escrow holder.
7. The City will pay prior to or at closing the currently outstanding real property taxes applicable to the Property.
8. The City will pay for a CLTA title policy. If our firm requires an ALTA policy, we will pay for the difference in cost.
9. The Parties will share all normal escrow costs.
10. The purchase and sale of the Property will be confirmed within a Purchase and Sale Agreement that will be prepared by the City.

We understand that the above summarizes the property purchase and sale arrangement and that a purchase and sale agreement will more fully confirm the arrangement between the Parties. We will diligently cooperate with the City and its representatives in the preparation and finalization of the purchase and sale agreement. In addition, we will appreciate receiving a confirmation from the City that it will be able to proceed with the purchase and sale of the Property by January 17, 2017.

We wish to thank you, your staff and consultants for their time and consideration in this matter. We look forward to receiving your response.

If you have any questions, please contact me at (909) 386-0253.

Sincerely,



Nick De Pasquale
President

Enclosure (as referenced above)

cc: (List as needed)



285 West Rialto Avenue
Rialto, CA 92376
Office: (909) 875-2210
Fax: (909) 879-7876

GERALD W. BEARD
REALTY, INC.

1 February 2017

Mr. Steven H. Dukett
Managing Principal
Urban Futures, Inc.
17821 East 17th Street, Suite 245
Tustin, CA 92708-2124

Re: 333 N. H Street
San Bernardino, CA

Dear Mr. Dukett,

I have attached comparable sales for the property at 333 N. H Street, San Bernardino. The subject site is oddly shaped and is significantly larger than the comparable sites. Since larger parcels in particular and sometimes oddly shaped parcels tend to produce lower per square foot values than smaller conventionally shaped parcels, it makes sense to discount the mid-point value based on those factors. In this case, the offering price is about 9% less than the mid-point price.

As you can tell from the attached comparable schedule, the value range is between \$3.28 and \$5.47 per square foot. With the above adjustment it puts the value in the \$4.00 per square foot range.

Please let me know if you need any additional information.

Sincerely,

Scott C. Beard
President
DRE # 00755329

Enclosure

ADDRESS	DATE	PRICE	PER S.F.	LOT AREA	PROXIMITY
E Street San Bernardino, CA APN 0136-181-01	8/30/16	\$20,000	\$3.28	6098 SF	0.88
1057 W. 5th Street San Bernardino, CA APN 0138-201-29	9/28/16	\$50,000	\$5.47	20,038 SF	0.46
646 N. E Street San Bernardino, CA APN 0134-023-50	4/12/16	\$120,000	\$3.88	30,928 SF	0.49
428 W. Base Line Street San Bernardino, CA APN 0145-242-04	1/7/16	\$30,000	\$4.29	7000 SF	1.19
368 S. Mountain View Avenue San Bernardino, CA APN 0136-202-41	9/22/15	\$45,000	\$4.49	10019 SF	1.04

**Broker's Opinion of Value
Prepared by
Lee & Associates Commercial Real Estate Services**

(See Attachment

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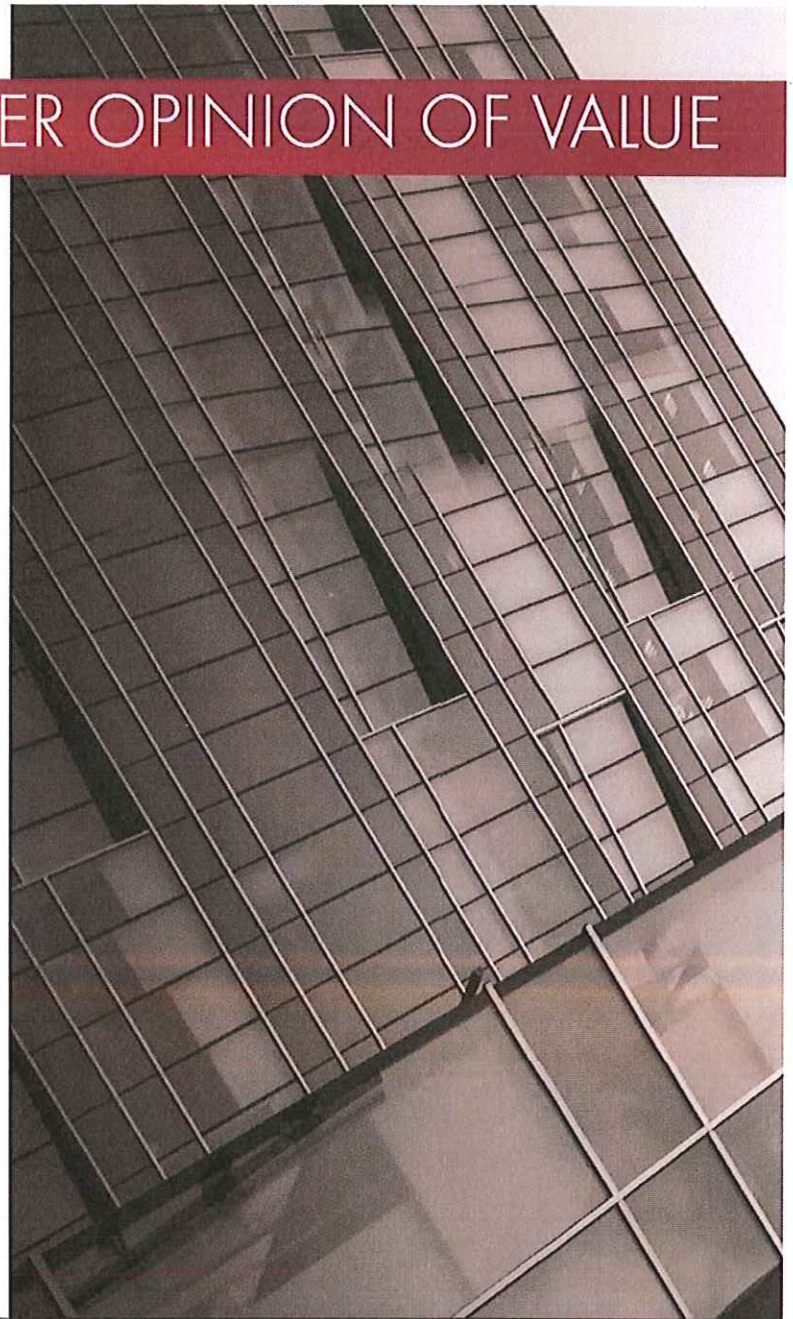
PREPARED FOR:

LISA CONNOR

FOR THE PROPERTY LOCATED AT:

333 N. H STREET
SAN BERNARDINO, CA

FEBRUARY 2, 2017



Prepared By:

Brian Pharris
Associate

909.373.2927

BPharris@lee-assoc.com

BRE # 01329363



COMMERCIAL REAL ESTATE SERVICES

Team 
Earnhart

REVIEW OF PROPERTY

I

- AERIAL
- AREA MAP
- PROPERTY PROFILE
- TAX MAP

SUMMARY

II

- EXECUTIVE SUMMARY
- COMP SUMMARY

333 N. H STREET | SAN BERNARDINO, CA 92410

LEE & ASSOCIATES - ONTARIO
3535 INLAND EMPIRE BLVD | ONTARIO, CA 91764
909.989.7771 | TEAMEARNHART@GMAIL.COM
WWW.TEAMEARNHART.COM



COMMERCIAL REAL ESTATE SERVICES

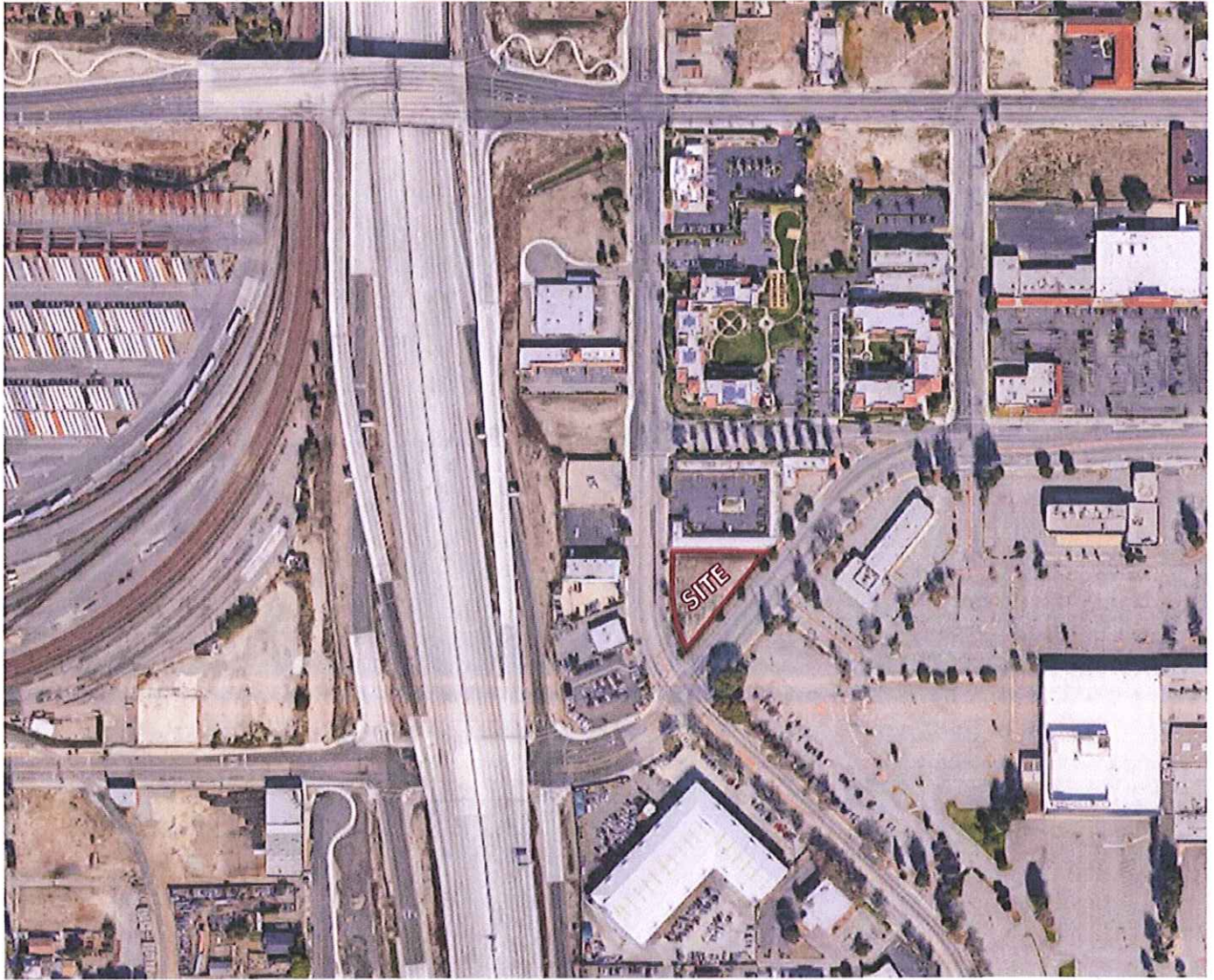




REVIEW OF PROPERTY

Lee & Associates - Ontario

LOCATION AERIAL

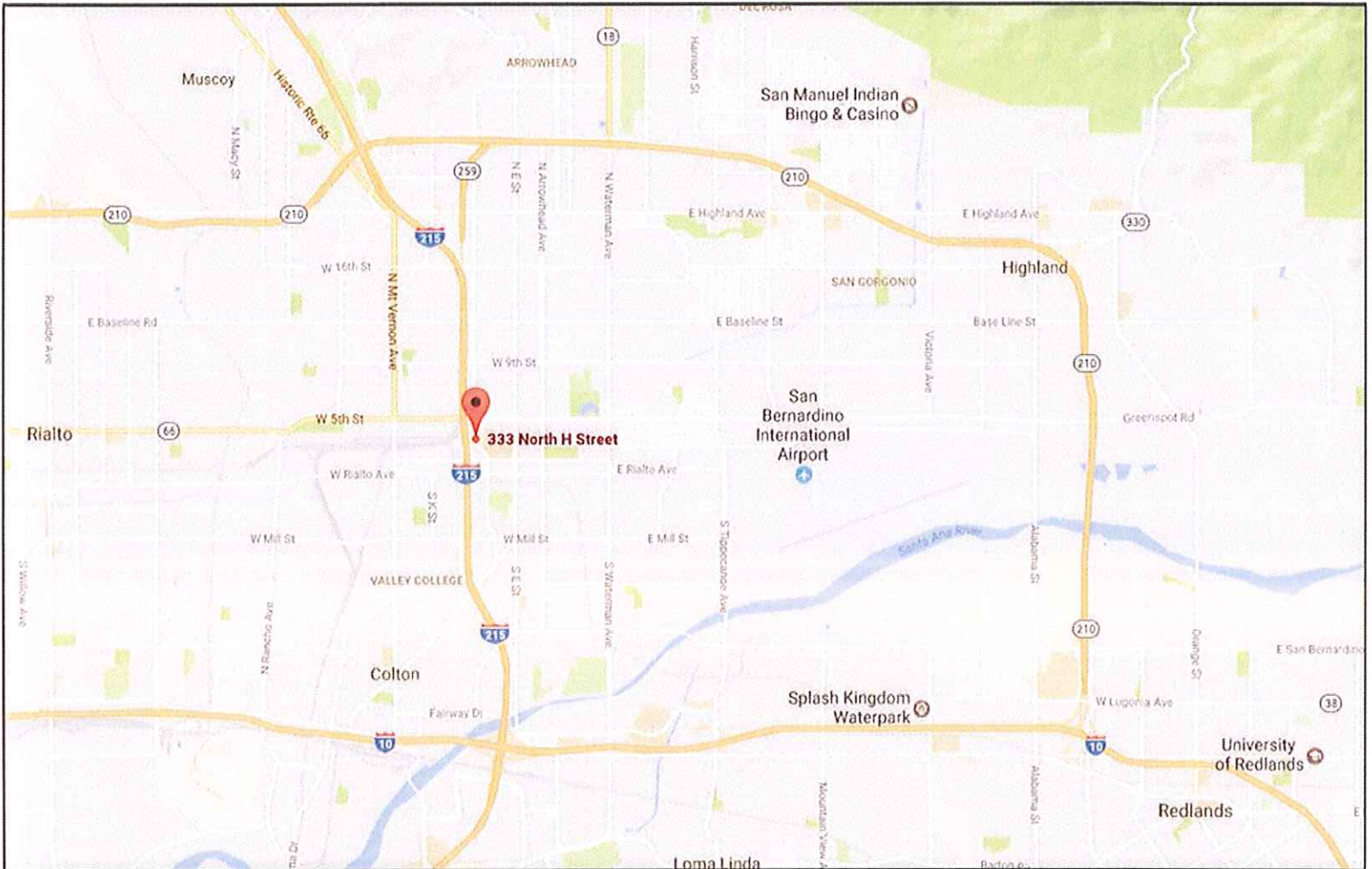


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909.989.7771 | TEAMEARNHART@GMAIL.COM
WWW.TEAMEARNHART.COM

 LEE &
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Owner Information:

Owner Name: CITY OF SAN BERNARDINO
 Mailing Address: 300 N D ST # 6TH, SAN BERNARDINO, CA, 92418-0002
 Vesting Code: GOVERNMENT Phone Number:

Location Information:

Legal Description: PARCEL MAP 688 PARCEL 36 BOOK 25 PAGE 47
 County: SAN BERNARDINO FIPS Code: 06071 Census Trct/Blk: 005701 / 2
 APN: 0134-182-04 Alternative APN: 0134-182-04-0000 Map Ref: G1-606
 Twncshp-Rnge-Sect: -- Legal Book/Page: Tract No:
 Legal Lot Legal Block:
 Subdivison:

Last Market Sale Information:

Sale Date: 6/30/2011 Sale Price: 1st Mtg Amount: \$
 Sale Doc No: 2011-0267988 Price Per SqFt: 1st Mtg Int Type:
 Transfer Doc No: 2016-0331255 Price Per Acre: 2nd Mtg Amount: \$
 1st Mtg Doc No: 2nd Mtg Int Type:
 Sale Type:
 Deed Type: GRANT DEED/DEED OF TRUST
 Title Company: FIRST AMERICAN TITLE COMPANY
 Lender:
 Seller Name: CHURCH OF THE UNDERSTANDING HEART,

Property Characteristics:

Building Area: Total Rooms: Construction:
 Living Area: Bedrooms: Heat Type:
 Garage Area: Baths: 0 Air Cond:
 Basement Area: Fireplace: Roof Type:
 Parking Type: No of Stories: Roof Material:
 Yr Built/Effective: / Quality: Style:
 Pool Code:

Tax and Value Information:

Assessed Value: Assessed Year: 2015 Est Market Val:
 Land Value: Property Tax: Assessor Appd Val:
 Improvement Value: Improvement %: Tax Exemption:

Site Information:

Assessor Acres: 0.46 Zoning: Land Use Code: 420
 Assessor Lot SqFt: 20,038 No of Buildings: Land Use Desc: COMMERCIAL LOT
 Lot W/D: / Res/Comm Units: County Use Code: 0000
 Calculated Acres: 0.6221 Sewer Type:
 Calculated Lot SqFt: 27,099 Water Type:

333 N. H STREET | SAN BERNARDINO, CA 92410

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 3535 MIDLAND EMPIRE BLVD | ONTARIO, CA 91764
 909.989.7771 | TEAM@EARNHART.COM
 WWW.TEAM@EARNHART.COM



Team
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SUMMARY

Lisa Connor
201 N E St, Suite 301
San Bernardino, CA 92401

RE: Opinion of Value - 333 North H Street, San Bernardino, CA

Lisa,

As per your request, please find the enclosed report that reflects our opinion of value for 333 North H Street, San Bernardino. We have used the market approach and recent sale comparisons to determine the market value.

The subject property is .46 acres (20,038 SF) of vacant land zoned commercial. We believe that in the current market based on comparable sales the value of the property is \$3.90 PSF or \$78,148.

Please contact me at your convenience with any questions.

Sincerely,



Brian Pharris
BRE# 01329363



Paul R. Earnhart
BRE # 00822072

333 N. H STREET | SAN BERNARDINO, CA 92410

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BROKER'S OPINION OF VALUE

ASSIGNMENT INFORMATION

Property Identification: 333 N. H Street San Bernardino, CA 92410 APN 0134-182-04	Report Prepared By: Brian Pharris Lee & Associates -	Report Prepared For: Steven Dukett Urban Futures, Inc.
--	---	---

PROPERTY DESCRIPTION

Property Type	Commercial Land	Current Use	Vacant	Number of Bldg(s)	
Bldg SF		Stories		Bldg Condition	
Lot SF	20,038 SF / .46 Acres	Lot Dimension		Lot Condition	
Parking		Year Built (Age)		Construction	
Zoning		Corner		FAR	

VALUATION - SALES COMPARISON APPROACH

Characteristic	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5
Address	E Street San Bernardino, CA 0136-181-01	1057 W. 5th St San Bernardino, CA 0138-201-29	646 N. E Street San Bernardino, CA 0134-023-50	482 W. Baseline St San Bernardino, CA 0145-242-04	368 S. Mountain Ave San Bernardino, CA 0136-202-41
Sold Date	08/30/2016	09/28/2016	04/12/2016	01/07/2016	09/22/2015
Sold Price	\$20,000.00	\$50,000.00	\$120,000.00	\$30,000.00	\$45,000.00
Bldg SF					
Bldg Price / SF	6,098	20,038	30,928	7,000	10,019
Lot SF	\$3.28	\$5.47	\$3.88	\$4.29	\$4.49
Lot Price / SF	0.88	0.46	0.49	1.19	1.04
Lot Acres					
Year Built (Age)					
Current Use					
Distance					
Comparability					
Sale Type					

FINAL VALUE ESTIMATE

Interest Appraised	Fee Simple		Date of Report	2/2/2017	
Asking Price		Sales Range (High)	\$4.05/SF	Sales Range (Low)	\$3.80
Bldg Price / SF		Bldg Price / SF		Bldg Price / SF	
Lot Price / SF		Lot Price / SF	\$81,154.00	Lot Price / SF	76,145.00

The information contained herein has been obtained from sources we have deemed reliable. While we do not doubt the its accuracy, we make no guarantees about its content.

333 N. H STREET | SAN BERNARDINO, CA 92410

LEE & ASSOCIATES - ONTARIO
3535 INLAND EMPIRE BLVD | ONTARIO, CA 91764
909.989.7771 | TEAMEARNHART@GMAIL.COM
WWW.TEAMEARNHART.COM



**Purchase and Sale Agreement and Joint Escrow Instructions
Between the
City of San Bernardino
And
Fairview Ford Sales, Inc.

(See Attachment)**

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PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

SELLER: City of San Bernardino

BUYER: Fairview Ford Sales, Inc., a California
corporation

DATED: March 6, 2017

(333 N. H Street; APN 0134-182-04)

BASIC TERMS

Buyer: Fairview Ford Sales, Inc., a California corporation

Buyer's Address: Fairview Ford Sales, Inc., a California corporation
Attention: Nick De Pasquale
292 N. G Street
San Bernardino, CA 92410
Email address:
Tel. (909) 386-0253
Fax: (909) ____ - ____

Closing Contingency Date: July 8, 2017

Closing Date (or Closing) Estimated to occur by July 18, 2017, but not later than the Outside Date

Deed: A grant deed in the form of Exhibit B hereto

Effective Date: March 6, 2017

Escrow Holder: First American Title Insurance Company
1855 West Redlands Blvd., Suite 100
Redlands, CA 92373
Tel: (909) 380-8776
Fax: (866) 232-4615
Attention: Cheryl Zanini, Escrow Branch Manager/Escrow Officer
(direct: (909) 380-8776; email: czanini@firstam.com
(or another escrow holder mutually acceptable to Buyer and Seller)

Independent
Consideration Amount: Two Hundred Dollars (\$200.00)

Outside Date: August 8, 2017; provided that such date may be extended by mutual writing agreement by Seller and Buyer

Purchase Price: Eighty Thousand One Hundred Fifty Two Dollars (\$80,152.00).

Real Property: That property described in Exhibit A hereto; the subject property is sometimes referred to as APN 0134-182-04

Seller (or City): The City of San Bernardino, a municipal corporation and charter city duly organized and existing under the laws of the State of California

Seller's Address: 300 N. "D" Street
San Bernardino, California 92418-0001
Attention: Mark Scott, City Manager
Tel. (909) 384-5122
Fax: (909) 384-5138
Email: Scott_Ma@sbcity.org

Soil and Title Contingency
Date: July 7, 2017

Title Company: First American Title Insurance Company
1855 West Redlands Blvd., Suite 100
Redlands, CA 92373
Tel: (909) 380-8726
Attention: Tammy Kerr, Senior California Title Officer
(direct: (909) 380-8726; email: tkerr@firstam.com)
(or another title insurer mutually acceptable to Buyer and Seller)

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** ("Agreement") is made and entered into as of March 6, 2017 (the "Effective Date") by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of record as to the Real Property. The Real Property is unimproved.

B. Buyer currently owns the land and building located at 292 N. G Street, which is near the situs of the Real Property. Buyer desires to acquire the Real Property for use of its existing business at 292 N. G Street and related activities.

C. Seller has offered to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer has considered the offer by Seller and agrees to buy from Seller the Real Property, as more specifically described below.

E. In addition to the Purchase Price, a material consideration to Seller in agreeing to sell the Real Property to Buyer pursuant to this Agreement and but for which Seller would not have agreed to enter into this Agreement or sell the Real Property to Buyer, Buyer has:

- (i) Agreed to pay to Seller the Independent Consideration Amount; and
- (ii) Agreed to the provisions set forth in Sections 13 and 14 hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **Purchase and Sale.** Seller hereby agrees to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Seller, on the terms and conditions set forth in this Agreement. The term Real Property is defined collectively as the following the fee interest in the Real Property to be conveyed by a grant deed in the form of the Deed

1. **Payment of Consideration.** As consideration for the sale of the Real Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), pay to Seller the Purchase Price for the Real Property. Upon payment of the Purchase Price (less any adjustments made to clear liens and to defray Seller's costs of sale including, but not limited to, the preparation of legal documents and validation of the purchase price incurred by the City of San Bernardino and the Seller's share of closing costs), the use of sales proceeds by Seller is a matter with which Buyer is not concerned.

2. **Escrow and Independent Consideration.**

(a) **Opening of Escrow.** For the purposes of this Agreement, the escrow ("Escrow") shall be deemed opened ("Opening of Escrow") on the date that Escrow Holder receives

a copy of this Agreement fully executed by Buyer and Seller. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. This Agreement will constitute escrow instructions to the Escrow Holder. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Seller and Buyer.

(b) Independent Consideration. Within two (2) days after the Effective Date, Buyer shall pay to Seller the Independent Consideration Amount to be retained by Seller as non-refundable independent consideration. The Independent Consideration Amount has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement and Seller holding the Real Property off the market for a period commencing as of the Effective Date and continuing until the Outside Date and for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement under the circumstances provided for herein. Notwithstanding anything to the contrary contained in this Agreement, the Independent Consideration Amount shall be non-refundable in all events, except for (i) Seller's default hereunder, (ii) the failure of the Oversight Board to approve the sale of the Real Property to the extent required under this Agreement, and (iii) actions by the California Department of Finance ("DOF") which prevent the disposition of the Real Property to Buyer as provided under this Agreement. If the Closing occurs, a credit shall be applied to the Purchase Price based upon payment of the Independent Consideration Amount.

(c) Closing. For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Deed (as defined below) is recorded pursuant to applicable law in the county in which the Real Property is located. Unless changed in writing by Buyer and Seller, the Closing shall occur on the Closing Date, or as soon thereafter as the conditions precedent to closing are satisfied pursuant to Sections 6 and 7 of this Agreement. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the outside Closing Date (i.e. the Outside Date); provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

3. Seller's Delivery of Real Property and Formation Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, the Property Documents"):

(a) Such reasonable proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction consistent with the terms of this Agreement, including without limitation approval of the Oversight Board of the sale of the Real Property by Seller to Buyer.

(b) To the extent in the possession of Seller or persons under Seller's control, any environmental impact reports, "Phase I" or "Phase II" reports, or environmental site assessments

concerning Hazardous Materials (as defined below) on the Real Property, complaints or notices of the presence of Hazardous Materials on the Real Property, geological surveys, soil tests, engineering reports, inspection results, complaints, or notices received regarding the safety of the Real Property.

(c) To the extent in the possession of Seller, all materials related to pending or threatened litigation involving the Real Property, including correspondence, complaints, court orders, settlements, and judgments to the extent such matters are within the actual knowledge of the City Manager, no investigation with respect thereto having been undertaken.

(d) All contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

In addition, Seller shall cause Escrow Holder to obtain and deliver to Buyer a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") within twenty (20) calendar days after the Opening of Escrow, but in no event later than the thirtieth (30th) day after the Effective Date.

4. Buyer's Right of Entry. From and after the Opening of Escrow through the earlier to occur of the termination of this Agreement or the Soil and Title Contingency Date, or as otherwise agreed in writing by Seller prior to entry is effected, Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Real Property during normal business hours, provided reasonable prior notice has been given to Seller.

(a) Investigation of the Real Property. In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, prior to the Soil and Title Contingency Date, to make such evaluations, inspections, tests or investigations as Buyer deems necessary or appropriate, including any "Phase 1" or "Phase 2" investigations of the Real Property. If, based upon such evaluations, inspections, tests or investigations, Buyer determines that it, in its sole discretion, does not wish to proceed with purchase of the Real Property based upon the condition of the Real Property, Buyer may cancel this Agreement by giving written notice of termination to Seller on or before the Soil and Title Contingency Date. If Buyer does not cancel this Agreement by the time allowed under this Section 5, Buyer shall be deemed to have approved the evaluations, inspections and tests as provided herein and to have elected to proceed with this transaction on the terms and conditions of this Agreement. Seller shall be provided a copy of all reports and test results provided by Buyer's environmental consultant promptly after receipt by the Buyer of any such reports and test results without any representation or warranty as to their accuracy or completeness; provided however, Buyer will not be required to deliver any such reports or test results if the written contract which Buyer entered into with the environmental consultant who prepared such report or test results specifically forbids the dissemination of the report or test results to others.

Buyer shall bear all costs, if any, associated with restoring the Real Property to substantially the same condition prior to its testing by or on behalf of Buyer if requested to so do by Seller but excluding any latent defects or Hazardous Materials (as defined below) discovered by Buyer during its investigation of the Real Property. Buyer agrees to indemnify, protect, defend (with counsel satisfactory to Seller) and hold Seller and the Real Property free and harmless from and against all costs, claims, losses, liabilities, damages, judgments, actions, demands, attorneys' fees or mechanic's liens arising out of or resulting from any entry or activities on the Real Property by Buyer, Buyer's agents, contractors or subcontractors and the contractors and subcontractors of such agents, but in no event shall the indemnity of this Section include the discovery of pre-existing conditions by Buyer or

any such liabilities, costs, etc. arising from the negligence or willful misconduct of Seller and/or its consultants. The indemnity obligations of Buyer set forth in this Section 5(a) shall survive any termination of this Agreement or the Close of Escrow.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903) or (xi) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 et seq.

(b) No Warranties as To the Real Property. The physical condition and possession of the Real Property, is and shall be delivered from Seller to Buyer in an “as is” condition, with no warranty expressed or implied by Seller, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Real Property for development purposes. In addition, Seller makes no representations, warranties or assurances concerning the Real Property, its suitability for any particular use or with regard to the approval process for entitlements as to the Real Property.

(c) Buyer Precautions after Closing. Upon and after the Closing, Buyer shall comply with all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Real Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Real Property (“Governmental Requirements”) with respect to Hazardous Materials.

5. Buyer’s Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer’s obligation to consummate the purchase of the Real Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Contingencies”), which are for Buyer’s benefit only.

(i) Title Review. Within twenty (20) calendar days after the Opening of Escrow, but in no event later than the thirtieth (30th) day after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a preliminary title report (the “Report”) describing the title to the Real Property, together with copies of the plotted easements and the exceptions (the “Exceptions”)

set forth in the Report; provided that the cost of the Report shall be borne by Seller. Seller acknowledges that the Buyer's Title Policy shall include an endorsement against the effect of any mechanics' liens; Seller will provide such indemnity or other assurances as necessary to induce the Title Company to provide such endorsement. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's sole discretion, any matters of title disclosed by the following (collectively, the "Title Documents"): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Real Property and (iv) any survey Buyer desires to obtain at Buyer's sole cost and expense. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages, and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

(ii) Buyer's Title Policy. On or before the Closing, the Title Company shall, upon payment (by Seller in accordance with Section 10(a)) of the Title Company's premium, have agreed to issue to Buyer, a standard ALTA owner's policy of title insurance insuring only as to matters of record title ("Standard Buyer's Title Policy") in the amount of the Purchase Price showing fee title to the Real Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Real Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a standard ALTA policy (such as an owner's extended coverage ALTA policy); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

In the event Buyer enters into a loan agreement to generate moneys to purchase the Real Property from Seller under this Agreement, Buyer and not Seller shall be responsible for the title insurance, closing costs and any other costs, fees or expenses in relation to Buyer obtaining such loaned moneys. The sale shall be all cash to Seller.

(iii) Inspections and Studies. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's sole and absolute discretion, the results of any physical and legal inspections, investigations, tests and studies Buyer elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations as Buyer may elect to make or obtain. For the avoidance of doubt, if Buyer fails to give such written notice on or before the Soil and Title Contingency Date, Buyer will be deemed to have elected to terminate this Agreement.

(iv) Natural Hazard Report. Within twenty (20) calendar days after the Opening of Escrow, but in no event later than the thirtieth (30th) day after the Effective Date, Seller shall cause the Escrow Holder to provide to Buyer prior to the Soil and Title Contingency Date the Natural Hazard Report described at Section 8(a)(iii) of this Agreement; provided that Buyer shall bear the cost to prepare such Natural Hazard Report.

(v) Property and Formation Documents. On or before the Soil and Title Contingency Date, Buyer shall have approved in writing, in Buyer's sole discretion, the terms, conditions and status of all of the Property Documents.

(vi) Delivery of Documents. Seller's delivery of all documents described in Section 8, below.

(vii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and correct as of the date made and materially true and correct as of the Closing.

(viii) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(ix) Oversight Board and DOF Approval. If required as a condition of the issuance of title insurance or by either party hereto approval by the Oversight Board and DOF, or a determination by each that their approval is not required.

(x) Consents. All necessary agreements and consents of all parties to consummate the transaction contemplated by this Agreement will have been obtained and furnished by Seller to Buyer.

(xi) No Default. As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(b) Termination Right. Each of paragraphs (b) (i) and (ii) below shall operate independently and each shall entitle the respective party to terminate this Agreement, as follows:

(i) If the Independent Consideration Amount is not paid by Buyer to Seller by the time set forth therefor in Section 3(b) of this Agreement, then Seller may terminate this Agreement by giving notice thereof to Buyer.

(ii) If any of Buyer's Contingencies not be met by the Closing Contingency Date, Buyer may, by written notice to Seller, terminate this Agreement.

If this Agreement so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees. If the Agreement has not been terminated pursuant to (i) or (ii) of this Section 6(b) and Buyer has neither terminated this Agreement in writing ("Termination Notice") on or before 5:00 p.m. on the Monday preceding the scheduled Closing ("Termination Notice Deadline"), then all such Buyer's Contingencies shall be deemed to have been satisfied and this Agreement shall continue pursuant to its terms. If Buyer has not delivered a Termination Notice as the items set forth in Sections 6(a)(i)-(xiii) inclusive, prior to the Termination Notice Deadline, such Buyer's Contingencies shall be deemed to have been satisfied.

If this Agreement is terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer, unless Seller is in default hereunder, in which case Seller shall pay all such fees.

(c) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Termination Notice, of Buyer's disapproval or conditional approval of any Title Documents. Seller shall then have the right, but not the obligation, to (i) remove from title any disapproved or conditionally approved Exception(s) (or cure such other title matters that are the basis of Buyer's disapproval or conditional approval of the Title Documents) within five (5) business days after Seller's receipt of Buyer's Termination Notice, or (ii) provide assurances reasonably satisfactory to Buyer that such Exception(s) will be removed (or other matters cured) on or before the Closing. With respect to any such Exception, it shall be sufficient for purposes hereof for Seller to commit in writing, within the applicable period, to remove such Exception at or before the Closing. Seller's failure to remove such Exception after committing to do so shall be a default hereunder. An Exception shall be deemed removed or cured if Seller furnishes Buyer with evidence that the Title Company will issue the Buyer's Title Policy, as defined herein, at the Closing deleting such Exception or providing an endorsement (at Seller's expense) reasonably satisfactory to Buyer concerning such Exception. If Seller cannot or does not remove or agree to remove any of the disapproved Exception(s) (or cure other matters) within such five (5) business day period, Buyer shall have three (3) business days after the expiration of such five (5) business day period to give Seller written notice that Buyer elects to proceed with the purchase of the Real Property subject to the disapproved Title Document(s), it being understood that Buyer shall have no further recourse against Seller for such disapproved Title Exception(s). For the avoidance of doubt, if Buyer fails to give such notice within such three (3) business day period, Buyer will be deemed to have elected to terminate this Agreement.

6. Seller's Conditions Precedent and Termination Right. The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Seller's Contingencies"), which are for Seller's benefit only:

(a) Completion of Title Review. Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has completed its review of title and that the condition of title satisfactory.

(b) Confirmation Concerning Site. Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has reviewed the condition of the Real Property, including without limitation concerning Hazardous Materials, zoning and suitability, and approves the condition of the Real Property.

(c) Confirmation Regarding Buyer's Title Policy. Seller shall have received written confirmation from Buyer on or before the Soil and Title Contingency Date that Buyer has approved a pro forma title policy.

(d) Liens. Seller shall have obtained the consent of any lien holder to the release of such liens prior to or concurrent with Closing.

(e) Oversight Board and DOF Approval. If required as a condition of the issuance of title insurance or by either party hereto approval by the Oversight Board and DOF, or a determination by each that their approval is not required.

(f) Delivery of Documents. Buyer's delivery of all documents described in Section 9(a), below.

Should any of Seller's Contingencies not be met by the respective times set forth for the satisfaction for such contingency, Seller may, by written notice to Buyer, terminate this Agreement; such termination rights shall be in addition to those termination rights of Seller as set forth in Section 6(b)(i). If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

7. Seller's Deliveries to Escrow Holder.

(a) Seller's Delivered Documents. At least one (1) business day prior to the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Seller's Delivered Items"):

(i) Deed. The Deed.

(ii) FIRPTA/Tax Exemption Forms. The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit C (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").

(iii) Hazard Disclosure Report. Consistent with the terms of this Agreement, Seller shall cause Escrow Holder to obtain and deliver to Buyer, at Seller's cost, a Natural Hazard Report as provided for under Sections 1102 and 1103 of the California Civil Code (the "Natural Hazard Report") before the Closing.

(iv) Possession of Real Property. Possession of the Real Property free of any tenancies or occupancy.

(v) Authority. Such evidence of Seller's authority and authorization to enter into this Agreement and to consummate this transaction.

(vi) Final Escrow Instructions. Seller's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(vii) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company which are consistent with the terms of this Agreement.

(b) Failure to Deliver. Should any of Seller's Delivered Items not be timely delivered to Escrow, Buyer may, by written notice to Seller, terminate this Agreement; provided, however, that Buyer may (but shall not be obligated to) in such notice provide Seller with five (5) business days to deliver all of Seller's Delivered Items. If Buyer's notice provides Seller such five (5) business days to deliver Seller's Delivered Items, and if Seller's Delivered Items are not delivered within such period, then this Agreement shall automatically terminate without further action or notice. In the event of any such termination, any cash deposited by Buyer shall immediately be returned to Buyer. Under no circumstances shall Buyer have any responsibility to or duty to pay consultants or real estate brokers retained by Seller, Seller being solely responsible in connection with any such contractual arrangements of Seller.

8. **Buyer's Deliveries to Escrow.** At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(a) **Purchase Price.** The Purchase Price, less amounts which Seller confirms in writing to Escrow Holder were theretofore paid to Seller as the Independent Consideration Amount, together with additional funds as are necessary to pay Buyer's closing costs set forth in Section 10(b) herein. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) **Change of Ownership Report.** One (1) original Preliminary Change of Ownership Report.

(c) **Final Escrow Instructions.** Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(d) **Authority.** Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(e) **Moneys for Buyer's Real Estate Broker.** Buyer shall deposit any moneys due and payable to any broker retained by Buyer in connection with the sale of the Real Property by Seller to Buyer.

(f) **Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

9. **Costs and Expenses.**

(a) **Seller's Costs.** If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances; (ii) Seller's share of prorations; (iii) the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) documentary recording fees, if any; (v) documentary transfer tax, if any; (vi) one half of the escrow charges; and (vii) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) **Buyer's Costs.** If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) Buyer's share of prorations, (ii) the premium for title insurance other than or in excess of a Standard Buyer's Title Policy based on the Purchase Price, and, if applicable, the cost for any survey required in connection with the delivery of an ALTA owner's extended coverage policy of title insurance; (iii) one half of

escrow charges; (iv) recording and other costs of closing; (v) costs, if any, for such services as Buyer may additionally request that Escrow perform on its behalf; and (vi) any costs associated with Buyer borrowing money in order to pay to Seller the Purchase Price (collectively, "Buyer's Costs and Debited Amounts").

(c) Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Buyer represents to Seller that Buyer and not Seller shall be solely responsible for payment in connection with the services of any consultants, finders or real estate brokers engaged by Buyer in connection with the purchase of the Real Property from the Seller. Seller represents to Buyer that Seller has not engaged the services of any consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer.

10. Prorations; Withholding.

(a) All revenues (if any) and expenses relating to the Real Property (including, but not limited to, property taxes, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date; provided that all delinquent taxes shall be satisfied at the expense of Seller. Not less than five (5) business days prior to the Closing, Seller shall deliver to Buyer a tentative schedule of prorations for Buyer's approval (the "Proration and Expense Schedule"). If any prorations made under this Section shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

(b) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

11. Closing Procedure. When the Title Company is unconditionally prepared (subject to payment of the premium therefor) to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) Recording. Escrow Holder shall cause the Deed and the Memorandum to be recorded pursuant to applicable law in the county in which the Real Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) Disburse Funds. Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (including any liens as to which such liens and the amount to satisfy such liens shall have been confirmed in writing by Seller to Escrow Holder) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions). Seller authorizes Escrow Holder to request demands for payment and to make such payments from the Purchase Price (or such other funds, if any, as are advanced by Seller) to defray the cost of removing deeds of trust, liens and other encumbrances (but not for obligations of Buyer). Escrow Holder shall disburse on behalf of Buyer such moneys as are deposited by Buyer (in addition to the Purchase Price and Buyer's share of closing costs) as the commission for Buyer's real estate broker, if any (unless Buyer's real estate broker shall deliver a written statement to Escrow Holder which indicates that Buyer has arranged to pay Buyer's Real Estate Broker outside escrow and that payment of such remuneration is a matter with respect to which Escrow Holder and Seller need not be concerned).

(c) Documents to Seller. Escrow Holder shall deliver to Seller a conformed copy of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of San Bernardino, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) Documents to Buyer. Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of San Bernardino, the Natural Hazard Report, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) Title Company. Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Closing Statement. Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

(g) Informational Reports. Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(h) Possession. Possession of the Real Property shall be delivered to Buyer at the Closing.

12. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Real Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which

is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement) and shall survive Closing:

(i) Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated subject to the approval of the Oversight Board and, as may be applicable, DOF.

(ii) Subject to the approval of the Oversight Board (to the extent applicable) and, as may be applicable, DOF, all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) Subject to the approval of the Oversight Board (to the extent applicable) and, as may be applicable, DOF, the individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affect the Real Property, including, but not limited to, any of the Title Documents or the Property Documents.

(v) There is no pending litigation nor, to the best knowledge of the City Manager, threatened litigation, which does or will adversely affect the right of Seller to convey the Real Property. There are no claims which have been received by Seller that have not been disclosed to Buyer.

(vi) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing.

(vii) There are no leases or rental agreements in effect as to the Real Property.

(viii) To the best knowledge of the City Manager, Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Real Property.

(ix) To the best knowledge of the City Manager, there are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Real Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(x) To the best knowledge of the City Manager, there are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Real Property that will be binding upon Buyer or the Real Property after the Closing. To the best knowledge of the City Manager, there are no oral contracts or other oral agreements for services, supplies or materials, affecting the use, operation, maintenance or management of the Real Property.

(xi) There are not as of the Effective Date, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Real Property or any part thereof, and no person other than Buyer shall have any right of possession to the Real Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession of the Real Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller (and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

13. Fair Value Price. The \$80,152 Purchase Price is believed by the parties to this Agreement to represent the fair value of the Real Property. This Agreement does not require that Buyer undertake any improvements to the Real Property. At such time, if any, as Buyer makes improvements to the Real Property, the costs for planning, designing, and constructing such improvements shall be borne exclusively by the Buyer and the Buyer shall construct or cause to be constructed such improvements in co standard, and wage rate requirements to the extent such labor and wage requirements are applicable.

Buyer, including but not limited to its contractors and subcontractors, shall be responsible to comply with Labor Code Section 1720, et seq., if applicable, and its implementing regulations, regarding the payment of prevailing wages (the "State Prevailing Wage Law"), if applicable, and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and, together with State Prevailing Wage Law, "Prevailing Wage Laws") with regard to the construction of improvements to the Real Property, but only if and to the extent such sections are applicable to the development of the Real Property. Insofar as the parties understand that Buyer is paying a fair market price for the Real Property, the parties believe that the payment of prevailing wages will not be required. In any event, Buyer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, neither the Seller nor the City makes any final representation as to the applicability or non-applicability of the Prevailing Wage Laws to improvements to the Real Property, or any part thereof. Buyer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each of the Seller and the City, and their respective officers, employees, agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Buyer's acts or omissions pertaining to the compliance with the Prevailing Wage Laws as to the Real Property. This Section 13 shall survive Closing.

14. General Provisions.

(a) Indemnification. In addition to the Purchase Price, a material consideration to Seller in agreeing to sell the Real Property to Buyer pursuant to this Agreement and but for which Seller would not have agreed to enter into this Agreement or sell the Real Property to Buyer.

(b) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(c) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(d) Brokers. Seller assumes sole responsibility for any consultants or brokers ("Seller's Agents") it may have retained in connection with the sale of the Real Property (and Buyer shall have no responsibility in connection with such matters). Seller represents to Buyer that Seller has engaged no consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Seller agrees to and does hereby indemnify and hold the Buyer free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Seller in connection with this Agreement. Buyer assumes sole responsibility for any consultants or brokers ("Buyer's Agents") it may have retained in connection with the purchase of the Real Property (and Seller shall have no responsibility in connection with such matters). Buyer represents that other than Gerald W. Beard Realty, Inc. ("Buyer's Representative"), which Buyer has engaged in connection with the identification and acquisition of the Real Property, Buyer has engaged no consultants, finders or real estate brokers in connection with the sale of the Real Property to the Buyer, and, excepting for Buyer's agreement to compensate Buyer's Representative (which shall be the sole responsibility of Buyer, without participation by Seller) there are no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement other than Buyer's costs with respect to Buyer's real estate broker, if any. Buyer agrees to and does hereby indemnify and hold the Seller free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the Buyer in connection with this Agreement. Buyer shall arrange with Buyer's Representative for such payments as have been agreed between Buyer and Buyer's Representative to be payable to Buyer's Representative; Seller shall have no responsibilities with respect thereto. Buyer shall either arrange with the Escrow Holder for Escrow

Holder to disburse moneys deposited by Buyer with Escrow Holder to Buyer's Representative based upon an agreement between Buyer and Buyer's Representative, or Buyer shall pay Buyer's Representative outside of escrow (in which event Buyer shall so inform Seller and Escrow Holder).

(e) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(f) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(g) Remedies. Without limitation as to the availability of other remedies, this Agreement may be enforced by an action for specific enforcement.

(h) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(i) Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A signature by facsimile or as an attachment to electronic mail in "Portable Document Format" (PDF), or "Tagged Image File Format" (TIFF) shall be deemed an original signature.

(j) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) Obligations to Third Parties. City shall be deemed to be a third party beneficiary of this Agreement. Excepting only for the City, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(l) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(m) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(n) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(o) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) Assignment. Neither party may assign its rights under this Agreement without the prior consent of the other party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"SELLER"

THE CITY OF SAN BERNARDINO, a municipal corporation and charter city duly organized and existing under the laws of the State of California

By: _____

Name: _____

Its: _____

"BUYER"

FAIRVIEW FORD SALES, INC., a California corporation

By:  _____

Name: Nick De Pasquale

Its: President

Acceptance by Escrow Holder:

First American Title Company hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between the City of San Bernardino, a municipal corporation and charter city duly organized and existing under the laws of the State of California, and Fairview Ford Sales, Inc., a California corporation ("Buyer") and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 201_

FIRST AMERICAN TITLE COMPANY

By: _____

Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Bernardino, described as follows:

[to come].

APN: 0134-182-04

EXHIBIT B

DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Fairview Ford Sales, Inc., a California
corporation
292 N. G Street
San Bernardino, CA 92410
Attn: Nick De Pasquale

APN: 0134-182-04

[Space above for recorder.]

DOCUMENTARY TRANSFER TAX

\$ _____
_____ computed on the consideration or value of
property conveyed; OR
_____ computed on the consideration or value less
liens or encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm
Name

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the City of San Bernardino, a municipal corporation and charter city duly organized and existing under the laws of the State of California ("Grantor"), hereby grants to Fairview Ford Sales, Inc., a California corporation ("Grantee"), that certain real property located in the County of San Bernardino, State of California, more particularly described on **Attachment No. 1** attached hereto and incorporated herein by this reference (the "Property"), subject to existing easements, restrictions and covenants of record.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

THE CITY OF SAN BERNARDINO

By: _____

Name: _____

Its: _____

ATTACHMENT NO. 1 TO GRANT DEED

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Bernardino, described as follows:

[to come].

APN: 0134-182-04

**ATTACHMENT NO. 1 TO GRANT DEED
TO EXHIBIT B**

DOCSOC/1799566v4/200430-0000

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
 COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

 Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

 Title(s)

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Signer is representing:
 Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

 Title Or Type Of Document

 Number Of Pages

 Date Of Documents

 Signer(s) Other Than Named Above

EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS

To inform Fairview Ford Sales, Inc., a California corporation ("Transferee"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("Code") will not be required upon the transfer of certain real property to the Transferee by the City of San Bernardino (the "Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Transferor's social security number or U.S. employer identification number is as follows: _____.

3. The Transferor's home or office address is:

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

The City of San Bernardino