The City of Hanford

CALIFORNIA

RDA OVERSIGHT BOARD
AGENDA
October 14 2013

COUNCIL CHAMBERS, CIVIC AUDITORIUM
400 N DOUTY ST

RDA Oversight Board- 9:00 AM

ROLL CALL BY THE CITY CLERK:

Meeting called to order by Chairman John Lehn at 9:02 AM

Present: Mike Cavanagh (MC), Allison Picard (AP), John Lehn (JL), Melody Haigh (MH)
Absent: Steve Corl (SC), John Zumwalt (JZ), Tony Barba (TB)

FLAG SALUTE:

Flag Salute was led by AP.

PUBLIC COMMENT:

None.

Any person may directly address the Board at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Board. A maximum of five minutes is allowed for each speaker.

1. **CONSENT CALENDAR:**

All items listed under the Consent Calendar are considered routine and will be enacted by one motion **(ROLL CALL VOTE required).** For discussion of an item on the Consent Calendar, it will be removed at the request of any member of the RDA Board or any person in the audience and made a part of the regular agenda.

A. Oversight Board Meeting Minutes: September 27, 2013

Motion as presented by /
Motion . 0-0. ()

This item was pulled from the agenda by Chairman Lehn.

2. **PULLED FROM CONSENT TO THE REGULAR AGENDA:**

3. **NEW BUSINESS:**

Chairman Lehn noted that items 2A and 2C could appear as a conflict due to EDC involvement in the transactions; however, there was no direct personal gain on his part, and his employment was not effected in any way by these transactions. He further stated that he would normally abstain just to resolve any appearance of conflict, but due to the need of a quorum he would vote today as long as there were no objections by any member of the board, or any member of the audience.

There were no objections made.

A. Adopt the resolution approving the sale of 110 Acres to Bel's Poultry.

Motion to adopt resolution as presented by AP/MC

Motion passed, unanimous. (Ayes: MC, AP, JL, MH; Noes: none; Abstain: none; Absent: SC, TB, JZ)

B. Adopt the resolution approving the transfer of 2.53 acre storm drainage basin parcel to the City of Hanford.

Motion to adopt resolution as presented by AP/MH
Motion passed, unanimous. (Ayes: MC, AP, JL, MH; Noes: none; Abstain: none; Absent: SC, TB, JZ)

C. Adopt the Resolution approving the Sale of 0.51 acres to Tessenderlo Kerley, Inc.

Motion to adopt resolution as presented by AP/MC
Motion passed, unanimous. (Ayes: MC, AP, JL, MH; Noes: none; Abstain: none; Absent: SC, TB, JZ)

Board Comments:

Board member Mike Cavanagh made the request that a regular meeting be set on the schedule so that it could be on members calendars far in advance of the meeting.

Staff noted that the meetings needed every six months for the budget and the ROPS could be set far in advance.

Chairman Lehn asked Staff about the College of the Sequoias board appointment.

Staff noted that they would confirm with the Chancellor of Community Colleges as to their new appointment.

ADJOURNMENT:

Meeting adjourned at 9:17 AM.

AGENDA
STAFF REPORT

MEETING DATE:	AGENDA SECTION:

SUBJECT:

RECOMMENDATION:

BACKGROUND:

FISCAL IMPACT:

AGENDA
STAFF REPORT

MEETING DATE:	AGENDA SECTION:

SUBJECT:

RECOMMENDATION:

BACKGROUND:

FISCAL IMPACT:

AGENDA
STAFF REPORT

MEETING DATE:	**AGENDA SECTION:**

SUBJECT:

RECOMMENDATION:

BACKGROUND:

FISCAL IMPACT:

AGENDA
STAFF REPORT

MEETING DATE: 10/14/2013	**AGENDA SECTION:** 1. A.

SUBJECT:
Oversight Board Meeting Minutes: September 27, 2013

RECOMMENDATION:
Approve the Minutes for the September 27, 2013 Oversight Board Meeting

BACKGROUND:

FISCAL IMPACT:

RESOLUTION NO. _______

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS WITH BEL'S POULTRY.

At a special meeting of the members of the Oversight Board ("Oversight Board") to the Successor Agency the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on October 14, 2013, at 9:00 a.m., and upon a motion by Member ___________ and seconded by Member _______________ and duly carried, the following resolution was adopted:

WHEREAS, the Community Redevelopment Agency of the City of Hanford (RDA) owned 110 acres of unimproved land ("the Property") that was acquired from Edward M. Hill in 2009;

WHEREAS, Bel's Poultry wishes to purchase the Property on the terms and conditions set forth in the Purchase and Sale Agreement and Escrow Instructions ("PSA") attached hereto as Exhibit "A," the terms of which are incorporated herein by reference; and

WHEREAS, the Successor Agency had the subject property appraised by Simon Company, Inc. (Simon) in August 2013; and

WHEREAS, Simon's appraisal identifies the value of the property at $25,000.00 per acre; and

WHEREAS, Bel's Poultry has offered $25,000.00 per acre for the property; and

WHEREAS, the Property is subject to a Deed of Trust ("KEDC Deed of Trust") held by the Kings Economic Development Corporation ("KECD"), which secures a Shared Appreciation Secured Promissory Note dated November 18, 2009 ("KEDC Note"); and

WHEREAS, true and correct copies of the KEDC Note and KEDC Deed of Trust are attached hereto as Exhibit "B" and "C," respectively, and are incorporated herein by reference.

WHEREAS, Bel's Poultry will require that the KEDC Deed of Trust be removed from the Property's chain of title as a condition of the close of escrow; and

WHEREAS, removal of the KEDC Deed of Trust from the Property's chain of title will be accomplished through KEDC's reconveyance of the Deed of Trust; and

WHEREAS, KEDC's reconveyance of the Deed of Trust is conditioned on its receipt of payment per the terms of the KEDC Note.

NOW, THEREFORE, BE IT RESOLVED, that the Successor Agency is hereby authorized and directed to execute the PSA attached hereto as Exhibit "A" and to carry out the terms of that document.

BE IT FURTHER RESOLVED, that the Successor Agency is further authorized and directed to execute all other documents required to complete the sale to Bel's Poultry on the terms and conditions set forth in the PSA.

BE IT FURTHER RESOLVED, that the Successor Agency is authorized and directed to instruct the escrow holder, at the close of escrow, to make payment to KEDC in accordance with the KEDC Note, which payment will occur in exchange for KEDC's reconveyance of the KEDC Deed of Trust.

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Passed and adopted at a special meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Hanford duly called and held on October 14, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____
MELONIE PATRICK
CITY CLERK
Oversight Board of the Successor Agency
to the Community Redevelopment Agency
of the City of Hanford

APPROVED:

____
JOHN LEHN
Chairperson of the Oversight Board of
The Successor Agency to the Community Redevelopment
Agency of the City of Hanford

EXHIBIT “A”

PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("**Agreement**") is made and entered into this 16 day of September, 2013 ("**Effective Date**"), by and between THE CITY OF HANFORD, as Successor Agency to the Community Redevelopment Agency of the City of Hanford ("**Seller**"), and BEL'S POULTRY, , a California limited liability corporation ("**Buyer**"). Seller and Buyer are sometimes collectively referred to herein as the "**Parties**" and singularly as a "**Party.**" This Agreement is made with reference to the following facts:

RECITALS

A. Seller possesses the authority to sell that certain real property located in Hanford, Kings County, California, consisting of approximately 110 acres, and more particularly described on Exhibit "A," which is attached hereto and made a part hereof, together with all rights, privileges, easements and appurtenances thereto (collectively "**Real Property**").

B. Seller wishes to sell and Buyer wishes to purchase the Real Property from Seller, in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Purchase and Sale. Subject to all of the terms, conditions and provisions of this Agreement and for the consideration set forth herein, Seller agrees to sell to Buyer and Buyer agrees to buy at the Closing, as defined in this Agreement, the Real Property. The sale and purchase of the Real Property shall be consummated by means of an escrow ("**Escrow**") opened at the offices of FIRST AMERICAN TITLE COMPANY ("**Escrow Holder**") located at 7625 N. Palm Ave., Fresno, California. This Agreement shall constitute the instructions for the Escrow upon acceptance by Escrow Holder. The Parties shall also execute such additional escrow instructions as may be required by the Escrow Holder, but the same shall be consistent with this Agreement and not modify the terms hereof unless specifically approved by the Parties, such approval to be given or withheld in their sole discretion.

2. Purchase Price. The purchase price for the Real Property shall be Two Million, Seven Hundred Fifty Thousand and No/100 Dollars ($2,750,000.00) ("**Purchase Price**"). The Purchase Price shall be paid in full on the Closing Date, as defined below in Section 23 of this Agreement.

3. **Payment of Purchase Price.** The Purchase Price shall be paid as follows:

(a) Upon execution of this Agreement hereof by both Parties, Buyer shall deposit Two Hundred Seventy-Five Thousand and No/100 Dollars ($275,000.00) ("**Deposit**") with Escrow Holder.

(b) At least one (1) business day before the Closing, Buyer shall deposit the balance of the Purchase Price with Escrow Holder, in cash, by wire transfer or other immediately available funds.

4. **Liquidated Damages.**

LIQUIDATED DAMAGES UPON BUYER'S DEFAULT. IF THE ESCROW FAILS TO CLOSE BY THE SCHEDULED CLOSING DATE SET FORTH IN SECTION 23 OF THIS AGREEMENT AS A RESULT OF BUYER'S DEFAULT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DEPOSIT AND INTEREST ACCRUED THEREON SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY OR OTHERWISE. RETENTION OF SUCH FUNDS BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS THAT PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE REAL PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE THAT WOULD RESULT TO SELLER AS A RESULT OF SUCH FAILURE WOULD BE EXTREMELY DIFFICULT TO ESTABLISH. IN ADDITION, BUYER DESIRES TO LIMIT ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT THIS TRANSACTION SHALL FAIL TO CLOSE. BY SEPARATELY INITIALING BELOW, THE PARTIES HEREBY ACKNOWLEDGE THEIR AGREEMENT CONCERNING LIQUIDATED DAMAGES:

Dl _______   _______
Buyer Initials   Seller Initials

5. **Possession.** Seller shall deliver possession of the Real Property to Buyer at the Closing.

6. **Condition of Title to Real Property.** Seller shall convey fee title to the Real Property to Buyer, subject only to those encumbrances, contracts, agreements, rights, easements, rights of way, and mineral leases, rights and reservations as set forth in a preliminary report of title to

the Real Property to be prepared by Escrow Holder ("**Title Report**") promptly after the opening of the Escrow. Upon receipt of the Title Report, and each document shown as an exception or encumbrance in the Title Report, Buyer shall have fifteen (15) calendar days within which to notify Seller and Escrow Holder in writing of any exceptions to title shown therein that Buyer disapproves ("**Objectionable Exceptions**") plus any endorsements to title Buyer requires for the subject title policy. If Buyer notifies Seller and Escrow Holder of one or more Objectionable Exceptions, Seller shall have fifteen (15) calendar days from receipt of such written notice to (i) remove the Objectionable Exception(s), or (ii) refuse to remove the Objectionable Exception(s), in which case Buyer may elect to waive its objection(s) and consummate this transaction, or terminate this Agreement and receive a refund of the Deposit and accrued interest, whereupon neither Party shall have any further obligation to sell or purchase the Real Property. Buyer's failure to provide Seller and Escrow Holder with written notice of Objectionable Exceptions within said fifteen (15) calendar day period shall constitute Buyer's approval of the Title Report and all exceptions shown therein (collectively "**Permitted Exceptions**"). After Buyer's approval of the Title Report, Seller shall not allow, cause, or permit any additional exceptions to the condition of title to occur without Buyer's approval, other than ongoing real property taxes and assessments already of record.

7. **Title Insurance.** At the Closing, and as a condition to Buyer's obligation to purchase and Seller's obligation to sell the Real Property, Escrow Holder shall commit to issue its CLTA Owner's Policy of Title Insurance and Buyer's requested endorsements (provided, however, Buyer may elect to obtain ALTA extended coverage if Buyer so notifies Escrow Holder prior to the Closing and such election does not delay the close of Escrow) showing title to the Real Property vested in Buyer, subject only to the Permitted Exceptions as determined in accordance with Section 6 of this Agreement (the "**Title Policy**"). The premium for the Title Policy shall be paid as set forth in Section 22 of this Agreement, provided that if Buyer elects to obtain an extended coverage ALTA Owner's Title Policy, it shall pay the difference in premium and other costs for ALTA versus CLTA coverage.

8. **Feasibility Period.**

(a) During the period commencing on the Effective Date, and terminating at 5:00 p.m. on the day before the Closing Date ("**Feasibility Period**"), Buyer shall undertake, at Buyer's expense, including (but not limited to): (i) an inspection of the Real Property; (ii) a review of the physical condition of the Real Property, including (but not limited to), inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Real Property; and (iii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances and law affecting the Real Property. Seller shall reasonably cooperate with Buyer and Buyer's agents in providing documents and access to the Real Property relevant to Buyer's inspection.

(b) If Buyer, in its sole and absolute discretion, and for any reason, approves all, or disapproves the results of any aspect of Buyer's inspection and review, Buyer shall give, prior to

5:00 p.m. on the last day of the Feasibility Period, either (i) its notice of approval, or (ii) its notice of disapproval and termination of this Agreement. If the transaction is disapproved or deemed disapproved, all parties hereto shall be relieved of all further obligations or liabilities hereunder except as is otherwise specifically provided in this subparagraph 8(b) and in subparagraph 8(c) immediately following. If Buyer fails to notify Seller properly and timely of Buyer's approval of this transaction as provided in this subparagraph 8(b), Buyer shall be deemed to be dissatisfied with the results of the inspection and shall be deemed to have disapproved and terminated this Agreement pursuant to this subparagraph 8(b). If Escrow terminates pursuant to this subparagraph 8(b), Buyer will provide to Seller at no charge, upon cancellation of Escrow, all reports and material regarding the Real Property that Buyer generates or are generated on Buyer's behalf.

(c) Buyer shall, prior to Closing, indemnify, defend and hold Seller and Seller's officials, officers, employees, representatives and agents and the Real Property harmless from and against any and all loss, cost, damage, expense, claim or liability, including personal injury, loss of life and/or property damage incurred by: (i) Buyer or Buyer's officials, officers, employees, representatives and agents as a result of the condition of the Real Property; or (ii) by any person or entity as a result of the acts or omissions of Buyer or its representatives, employees, contractors, or agents in performing any inspection and/or testing activity on or about the Real Property (provided however, the indemnity of this subsection (c)(ii) shall not apply to any pre-existing environmental condition unless the willful, intentional, or negligent act of Buyer makes the pre-existing condition worse). Buyer shall promptly pay all costs, fees and expenses incurred as a result of or associated with such inspection work done or caused to be done on the Real Property as permitted by this Section 8. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Buyer, during the Feasibility Period and at its own expense, shall maintain: (1) public liability insurance with liability amounts not less than One Million Dollars ($1,000,000.00) for the injury or death of one person and One Million Dollars ($1,000,000.00) for the injury and death of more than one person in any one incident; and (2) property damage insurance in the amount of One Million Dollars ($1,000,000.00). All such insurance shall be carried with competent and reliable insurance companies, reasonably satisfactory to Seller. Buyer's insurance coverage shall be primary with respect to any coverage that may be maintained by Seller. Buyer shall cause its insurers to waive all rights of subrogation against Seller and its elected and appointed officers, officials, employees, agents, and volunteers and each of them. On the Effective Date, Buyer shall furnish to Seller a certificate or certificates of insurance and endorsements from said companies confirming the requirements set forth herein and stating that said insurance is in full force and effect, that the premiums have been paid thereon, and that each insurance company will give Seller at least five (5) calendar days prior written notice of any termination, cancellation or modification of the terms of said insurance. Seller and its elected and appointed officers, officials, employees, agents, and volunteers, and each of them, shall be named as additional insureds on the above mentioned policies.

9. **Condition of Property**. Except for representations made in writing by the Seller prior to the Closing Date:

(a) Buyer expressly acknowledges that Buyer is buying the Real Property in an "AS IS AND WHERE AS" condition, and that it has not relied on any warranties, promises, understandings or representations, express or implied, of Seller or any employee, agent or representative of Seller, or any document relating to the Real Property, except as are specifically set forth in this Agreement. Buyer acknowledges that any and all feasibility or market reports, environmental assessments, engineering studies and other information of any type that Buyer has received or may receive from Seller or its agents are furnished on the express condition that Buyer shall make an independent verification of the accuracy of any and all such information, all such information being furnished without any warranty whatsoever.

(b) Buyer acknowledges and agrees that neither Seller nor any employee, agent or representative of Seller has made any representation or warranty to Buyer concerning the Real Property, including, without limitation, the suitability of the Real Property for Buyer's intended use or its compliance with any statutes, ordinances, rules or regulations. Buyer shall perform and rely solely upon its own independent investigation concerning the Real Property and the Real Property's compliance with any applicable law. Buyer acknowledges that it is acquiring the Real Property subject to all existing laws, ordinances, rules and regulations, and that neither Seller nor any of Seller's representatives, agents or employees have made any warranties, representations or statements regarding any laws, ordinances, rules and regulations of any governmental or quasi-governmental body, entity, district or agency having authority with respect to the use, condition or occupancy of the Real Property.

(c) Buyer shall perform and rely solely upon its own investigation concerning Buyer's intended use of the Real Property, the Real Property's fitness therefore, and the permissibility of such intended use under applicable statutes, ordinances, rules and regulations.

(d) Except as expressly set forth in this Agreement, from and after the Closing, Buyer will indemnify, defend, and will hold Seller harmless and hereby waives, releases, remises, acquits and forever discharges Seller, its elected and appointed officials, officers, employees, and agents, and their respective heirs, successors, personal representatives and assigns, of and from any and all suits, causes of action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys fees and expenses of whatever kind and nature, in law or in equity, known or unknown, arising out of or in any way connected with, directly or indirectly, or based upon or arising out of the condition, status, quality, nature or environmental state of the Real Property; provided however, such duty to indemnify, defend, and hold Seller harmless shall not apply with respect to Seller's gross negligence or intentional misconduct. It is the intention of this Agreement that, except for Seller's gross negligence and intentional misconduct and except as otherwise expressly set forth herein, any and all responsibilities and obligations of Seller to Buyer, and any and all rights or claims of Buyer, its successors and assigns and affiliated entities, with respect to, or as against Seller arising by virtue of, the physical or environmental condition of the Real Property are by this release provision declared to be, from and after Closing, null and void and of no present or future effect as to such parties. With respect to the matters released by Buyer pursuant to this Section 9, Buyer waives the benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

10. Existing Surveys and Reports. Within ten (10) calendar days after Seller's execution of this Agreement, Seller shall furnish Buyer with copies of all existing surveys, soil reports, engineering studies, environmental audits or reports, site plans, and other information in Seller's possession pertaining to the Real Property.

11. Covenants, Warranties and Representations of Seller. Seller hereby makes the following covenants, representations and warranties:

(a) Except as otherwise disclosed herein, Seller's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Seller.

(b) Seller is not a "foreign person" as defined in Section 1445(f) of the Internal Revenue Code of 1986, as amended. At the Closing, Seller shall provide Buyer Affidavits of Non-Foreign Status made under penalty of perjury, if required by Escrow Holder.

(c) Except as otherwise disclosed herein, there are no liens on title or actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or to the best of Seller's knowledge, threatened against Seller, or the Real Property, and relating to or arising out of the ownership, management, or operation of the Real Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(d) A portion of the Real Property is subject to a Lease Agreement, a true and correct copy of which is attached hereto as Exhibit "B" and incorporated herein by reference.

(e) Seller will not market the Real Property for sale or disposition to any other party while this Agreement is in effect.

(f) To Seller's current actual knowledge, the Real Property currently is in compliance in all respects with the rules, regulations, ordinances and laws of all governmental authorities having jurisdiction over the Real Property.

(g) Seller shall notify Buyer immediately if Seller becomes aware of any new information or material change concerning the Real Property that affects the representations and warranties of Seller under this Agreement.

(h) At Closing, Seller shall record a release of all easement, access or other similar rights in and to the Real Property that are controlled by Seller.

(i) The Real Property was owned by the Community Redevelopment Agency of the City of Hanford ("RDA"). Seller, as Successor Agency to the RDA, acquired control over the Real Property as a result of the RDA's dissolution pursuant to AB 1X 26. Per AB 1484, which served as clean-up legislation to AB 1X 26, Seller's disposal of the RDA's assets, including the Real Property, is subject to review and approval of the Oversight Board to the RDA's Successor Agency ("OB"), with the OB's approval subject to review and possible veto by the State Department of Finance.

12. Covenants, Warranties and Representations of Buyer. Buyer hereby makes the following covenants, representations and warranties:

(a) Buyer has the authority to enter into this Agreement, purchase the Real Property, and to otherwise perform as set forth herein. The person executing this Agreement on behalf of Buyer has the full legal authority and is duly authorized to sign this Agreement on behalf of Buyer and to bind Buyer to all of the terms and conditions of this Agreement.

(b) Buyer's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Buyer.

(c) There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of Buyer's knowledge, threatened against Buyer, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality seeking to challenge Buyer's ability to purchase the Real Property.

13. [Reserved]

14. Survival of Warranties. The satisfaction, truth, accuracy and completeness of each of the representations, warranties and covenants of Buyer and Seller contained in this Agreement, as of the date hereof and as of the Closing, shall constitute a condition precedent to the obligations of Seller and Buyer, res0pectively, hereunder. All representations, warranties, covenants, obligations, responsibilities and agreements set forth herein shall survive the Closing, and Seller and Buyer each agree to indemnify, defend and hold the other harmless from any claim, demand, liability, loss or cost (including without limitation, reasonable attorneys' fees and costs) which the other may sustain arising out of any breach of and provision of this Section 14.

15. Brokerage Commissions. Buyer and Seller each represents and warrants to the other that it has not engaged the services of any real estate broker, salesperson, agent or finder, nor done any other act nor made any statement, promise or undertaking which would result in the imposition of liability for the payment of any real estate brokerage commission, finder's fee or otherwise in connection with the transaction described in this Agreement. In the event that any person or entity perfects a claim for a brokerage commission, finder's fee or otherwise, based upon any agreement, statement or act, the Party through whom such person or entity makes such claim shall be responsible therefor and shall defend, indemnify and hold the other Party and the Real Property harmless from and against such claim and all loss, costs and expense associated therewith, including attorneys' fees.

16. Conditions Precedent to Seller's Obligations to Perform. Seller's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Buyer shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Buyer's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Buyer shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Approval of this Agreement by the OB and no veto of such approval by the State Department of Finance.

17. Conditions Precedent to Buyer's Obligations to Perform. Buyer's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Seller shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Seller's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Seller shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Escrow Holder is committed to issue the Title Policy as set forth above in Section 7.

(e) Seller has satisfied all legal requirements for the sale of the Real Property in order to grant clear title to Buyer, subject to those conditions and Permitted Exceptions approved by Buyer.

18. Establishment of Escrow. Upon execution of this Agreement by the Parties, a duplicate original of this Agreement shall be deposited with Escrow Holder. The general provisions of Escrow Holder's escrow instructions shall not impose any additional obligations or liabilities on the parties. If any of the general provisions conflict with the provisions of this Agreement, the provisions of this Agreement shall control.

19. Deposits into Escrow. The Parties shall make the following deposits into Escrow at or prior to the Closing:

(a) Seller shall deposit an executed and acknowledged original grant deed conveying good and marketable title to the Real Property, subject to all Permitted Exceptions.

(b) Buyer shall deposit all funds when and as required hereby (including without limitation the Purchase Price, all amounts necessary to pay Buyer's share of the closing costs), and such other amounts as Buyer has agreed to pay under this Agreement, or as required by Escrow Holder, and a preliminary change of ownership report for Kings County.

(c) Both Parties shall execute and deliver such additional documents as Escrow Holder reasonably may deem necessary in order to effectuate the transaction set forth in this Agreement and to close the Escrow.

20. Prorations. Escrow Holder shall prorate the following items, as of the Closing, using a 365 day year: all real and personal property taxes and all other charges or assessments relating to the Real Property using the latest tax bills. Buyer shall pay any supplemental taxes assessed pursuant to Chapter 3.5 (Section 75) of the California Revenue and Taxation Code resulting from the sale of the Real Property to Buyer. Escrow Holder is not responsible for utility or insurance costs and premiums, all of which shall be prorated outside the Escrow by the Parties.

21. Title Insurance. At the Closing, Escrow Holder shall issue, effective as of that date, the Title Policy described in Section 6 of this Agreement.

22. Costs and Expenses. Closing costs shall be borne by the Parties as follows:

(a) The Title Policy premium shall be paid by Seller, except that any increase in the Title Policy premium associated with Buyer's acquisition of an ALTA policy or endorsements requested by Buyer shall be paid by Buyer; provided, however, that any endorsements which are requested by Buyer as an accommodation and at the request of Seller shall be paid by Seller;

(b) Documentary transfer taxes and costs of preparing and recording the Grant Deeds shall be paid by Buyer; and

(c) All Escrow fees shall be shared equally between Buyer and Seller.

All other costs of closing the Escrow, including, without limitation, filing fees, other recording fees and otherwise, shall be shared by the Parties equally. Each Party shall bear its own legal fees and costs. Buyer shall deposit additional funds into Escrow in an amount equal to its share of the closing costs as determined by Escrow Holder. Escrow Holder is hereby authorized to withhold Seller's share of the closing costs from funds otherwise distributable to Seller.

23. **Closing Date.** Unless otherwise extended by the Parties in writing or as specified herein, the closing of Escrow for the Real Property shall occur as soon as possible on or before the thirtieth (30th) calendar day following the Effective Date, subject to the prior satisfaction (or waiver) of the conditions precedent to the Closing identified in Sections 16 and 17 of this Agreement ("**Closing**"). The date on which Closing occurs is referred to herein as "**the Closing Date**." If the Escrow is not in a condition to close by the Closing Date, Escrow Holder, except as otherwise provided herein, shall cancel the Escrow upon receipt of written notice from either Party of such cancellation; provided, however, that if Escrow is not in a condition to close by the Closing Date due to the failure of only one Party to perform, and such failure to perform constitutes a default under this Agreement, and the other Party has fully performed all of the obligations required of it in order to close the Escrow, only the performing Party shall be entitled to provide Escrow Holder with written notice of cancellation. In the absence of any written notice of cancellation, Escrow Holder shall proceed to close the Escrow as soon as possible.

24. **Procedure for Closing.** Escrow Holder shall close the Escrow by doing the following:

(a) Pay from funds deposited by Buyer all claims, demands and liens necessary to place title to the Real Property in the condition set forth in Section 6 of this Agreement;

(b) Pay Seller's share of the closing costs from funds otherwise distributable to Seller;

(c) Pay from funds deposited by Buyer (other than the Purchase Price), Buyer's share of closing costs;

(d) Prorate real and personal property taxes and all other charges or assessments as set forth in Section 20 of this Agreement;

(e) Record Seller's Grant Deed in the Official Records of Kings County and direct the County Recorder to affix the transfer tax after recording, return the recorded Grant Deed to Buyer with a conformed copy to Seller, and file Buyer's preliminary change of ownership report in Kings County, as appropriate; and

(f) Unless otherwise instructed by Seller, unilaterally deliver the remaining funds held in Escrow, less payments authorized hereunder to Seller by Escrow Holder's check.

25. Failure to Close. If Escrow shall fail to close as a result of Buyer's breach of any of its obligations hereunder, then, in accordance with the provisions of Section 4 hereinabove, upon demand of Seller, Escrow Holder shall terminate the Escrow, immediately deliver the Deposit, accrued interest on the Deposit, and all documents that Seller previously deposited into Escrow (collectively "**Seller's Documents**") to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Buyer for any cancellation charges. If the Escrow shall fail to close as a result of Seller's breach of any of its obligations hereunder, or upon Buyer's election to terminate in accordance with the provisions of this Agreement, then upon demand of Buyer, Escrow Holder shall terminate the Escrow, immediately cause to be delivered the Deposit and accrued interest to Buyer, deliver Seller's Documents to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Seller for any cancellation charges. If the Escrow fails to close through no fault of either Buyer or Seller, upon the demand of either Party, Escrow Holder shall return Buyer's preliminary change of ownership report to Buyer, return Seller's Documents to Seller, return the entire Deposit and accrued interest to Buyer, and cancel the Escrow, with all cancellation charges to be borne equally by Buyer and Seller.

26. Attorneys' Fees. Subject to Section 4 of this Agreement, in the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions of this Agreement, or in connection with the Real Property, the prevailing Party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including, but not limited to, taxable costs and reasonable attorneys' fees. Seller and Buyer agree that any such action shall be venued in Kings County, California or in the Federal District Court in Fresno, California.

27. Indemnification of Escrow Holder. Escrow Holder shall be indemnified and held harmless by Buyer and Seller against any and all costs, damages, attorneys' fees, expenses and liabilities which it incurs or sustains in connection with the Escrow, except for such items as may be caused by Escrow Holder's misconduct or negligence.

28. Notice. Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or e-mail if receipt is acknowledged by the addressee, one (1) business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

To Buyer:	David Pitman BEL'S POULTRY, LLC 1489 K Street Sanger, CA 93657 FAX: (559) 875-7110
To Seller:	City Manager CITY OF HANFORD 319 N. Douty Street Hanford, CA 93230 FAX: (559) 585-2595
To Seller's Legal Counsel:	Ty N. Mizote Griswold LaSalle Cobb Dowd & Gin LLP 111 East 7th Street Hanford, CA 93230 FAX: (559) 582-3106

29. **Sole and Only Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Except as is otherwise provided herein, each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

30. **Successors and Assigns.**

(a) Buyer may assign its rights hereunder to an Affiliate of Buyer as long as such successor-in-interest confirms in writing that it shall be bound by the terms of this Agreement and Buyer guarantees in writing the Affiliate's performance hereunder.

(b) The term "**Affiliate**" means any person or entity directly or indirectly Controlling, Controlled by or under common Control with the person or entity to which such term applies. "**Control,**" as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies and decision-making of such person or entity, whether through the ownership of voting interests or by contract or otherwise, including, without limitation, the possession of direct or indirect equity or beneficial interests in at least ten percent (10%) of any entity, or voting control of any entity.

(c) The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. Subject, however, to Buyer's rights described in this Section 30, Buyer may not, without the Seller's consent, which consent shall not be unreasonably withheld, assign any duties or responsibilities to a third party as long as Buyer owns the Real Property; however, all duties and obligations of Buyer will run with the land and Buyer shall guarantee in writing the successors' and assigns' performance hereunder.

31. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement.

32. Waiver. A waiver of any breach of this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

33. Choice of Laws. This Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such law.

34. Headings. Headings at the beginning of each numbered Section of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement.

35. Survival. All of the provisions of this Agreement shall survive the Closing and shall remain binding upon the Parties.

36. Time. Time is of the essence, it being understood that each date set forth herein, particularly the Closing, and the obligations of the Parties to be satisfied by such dates have been the subject of specific negotiations by the Parties.

37. Counterparts. This Agreement may be signed by the Parties in different counterparts and the signature pages combined to create a document binding on all Parties.

38. Nondiscrimination and Non-segregation Provisions. The Buyer herein covenants by and for itself and its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease or sublease, transfer, use, occupancy, tenure, or enjoyment of the Real Property herein conveyed, nor shall Buyer or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number or use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Real Property herein conveyed. The foregoing covenants shall run with the land and shall be included in the deed transferring title of the Real Property to Buyer.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first hereinabove written.

"SELLER"

CITY OF HANFORD, as Successor Agency to the Community Redevelopment Agency of the City of Hanford

Dated: ____________________, 2013

By: ______________________________

____

____

Darrel Pyle, City Manager

"BUYER"

BEL'S POULTRY, LLC,
a California limited liability corporation

Dated: 9/28, 2013

By: ______________________________

David Pitman [name]

Manager [title]

Dated: ____________________, 2013

By: ______________________________

______________________________ [name]

______________________________ [title]

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

The North 22-1/2 acres of the East 60 acres of the North half of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian.

EXCEPTING therefrom the East 2-1/2 acres thereof.

PARCEL 1A:

The South 37.5 acres of the East 60 acres of the North half of the Northeast quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian.

EXCEPTING THEREFROM the East 25.0 feet thereof, heretofore conveyed, declared and/or dedicated to County of Kings for road purposes.

APN: 018-242-007

PARCEL 2:

The North Half of the Southeast Quarter of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the County of Kings, State of California.

EXCEPTING THEREFROM the following parcels:

1. The North 45.5 feet thereof.

2. The West 50 feet thereof.

3. That portion conveyed to the County of Kings, by Deed recorded September 6, 1960 in Book 764, Official Records, Page 960, as Document No. 9601.

4. That portion of the North half of the Southeast quarter of the Northeast quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the County of Kings, State of California, described as follows:

   Beginning at the intersection of the West line of the property described in the Deed from Niebes Garcia, et ux, to the County of Kings, recorded September 6, 1960 in Book 764 at Page 960, Official Records of Kings County, with the Southerly line of the property described in the Deed to John B. Garcia, et ux, recorded March 22, 1965, in Book 869 at Page 995 Official Records of Kings and running thence Westerly, along the Southerly line and its Westerly extension of said last referred to Garcia property, 390 feet, to a point; thence Southerly, and parallel to the West line of the County of Kings Property herein above referenced to, 280 feet, more or less, to a point 50 feet Northerly (along said line as Southerly extended) from the Southerly line of the North half of the Southeast Quarter of the Northeast Quarter of said Section; thence Easterly, parallel with said last referred to South line, 390 feet, more or less, to a point in the West line of the County of Kings property herein above referred to; thence Northerly, along said last referred to Kings County West property line, 280 feet, more or less, to the POINT OF BEGINNING.

5. That portion conveyed to John B. Garcia and Josephine Garcia, husband and wife, by Deed recorded March 11, 1965 in Book 869, of Official Records, Page 487, as Document No. 3557, described as follows:

The North 208.71 feet of the East 208.71 feet to the following: (Said East 208.71' being measured from the West line of 10th Avenue as it now exists.)

The North half of the Southeast quarter of the Northeast quarter of Section 13, in Township 19 South, Range 21 East, Mount Diablo Base and Meridian, excepting therefrom the North forty-five and five tenths (45.5) feet thereof, also excepting the West fifty (50) feel thereof.

6. That portion conveyed to John B. Garcia and Josephine Garcia, husband and wife, by Deed recorded March 22, 1965 in Book 869, of Official Records, Page 995, as Document No. 4012, described as follows:

The North 330 feet of the East 330 feet of the following: (Said East 330 feet being measured from the West line of 10th Avenue as it now exists).

The North half of the Southeast quarter of the Northeast quarter of Section 13, in Township 19 South, Range 21 East, Mount Diablo Base and Meridian,

Excepting therefrom the North forty five and five tenths feet thereof,

Also excepting the West fifty feet thereof;

Also excepting from the above described that portion as conveyed to John B. Garcia, et ux, by deed dated April 15, 1964 and recorded March 11, 1965 in Book 869 at Page 487 of Official Records.

APN: 018-242-013

PARCEL 3:

The Southwest Quarter of the Northeast Quarter, and the West 50 feet of the Southeast Quarter of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian.

EXCEPTING THEREFROM the interest in the North 12-1/2 feet of the East half of the Southwest Quarter of the Northeast Quarter and the North 12-1/2 feet of the West 50 feet of the Southeast Quarter of the Northeast Quarter of said Section 13, which was conveyed by A. G. Park by that certain Deed dated January 29, 1890, recorded in Book 39 at Page 263 of Deeds, Tulare County Records, which Deed recites Afor roadway purposes@.

TOGETHER with a right of way for road purposes over a strip of land described as follows:

BEGINNING at a point 12-1/2 feet South and 50 feet East of the Northwest corner of the Southeast Quarter of the Northeast Quarter of said Section 13; running thence South 33 feet; thence East to the East line of said Section 13; thence North 33 feet; thence West to the POINT OF BEGINNING.

EXCEPTING oil reservations in said property as reserved by A. S. Lemos and Belvina S. Lemos.

APN: 018-242-020

EXHIBIT "B"

EXISTING LEASE

AGRICULTURAL LEASE

THIS AGRICULTURAL LEASE (**"Lease"**) dated this 1st day of January 2013, is by and between the CITY OF HANFORD, as Successor Agency to the Community Redevelopment Agency of the City of Hanford (**"Lessor"**), and Larry D. Davis, an individual with his primary business in the City of Hanford, County of Kings, State of California (**"Lessee"**).

WITNESSETH; That;

In consideration of the mutual covenants set forth herein between the parties, the parties hereto agree as follows:

1. **Lease of Real Property**. Lessor hereby leases to Lessee and Lessee hereby hires from Lessor on the terms and conditions set forth in this Lease approximately 100 acres of real property situated in the City of Hanford, County of Kings, State of California, and more particularly described in Exhibit "A" which is attached hereto and made part hereof (**"Premises"**).

2. **Disclaimer of Warranty-Soil.** Lessor makes no warranty of the soil suitability for growing crops which the Lessee is authorized to grow under this Lease or any warranty as to the suitability or productivity of such soil.

3. **Lease Subject to Existing Rights of Others.** This Lease is subject to: (a) all existing easements, servitudes, licenses and rights of way for canals, ditches, levies, roads, highways and telephone and electric power lines and railroads, pipelines and other purposes, whether recorded or not; and (b) the rights of Lessor under existing or future oil, gas, or mineral lease or leases affecting the entire or any portion of the Premises, whether recorded or not. Lessee shall have no right, title, and interest, in any way, to any oil or mineral rights presently existing or to be existing on or about said Premises.

4. **Term**.

(a) The initial term ("Initial Term") of this Lease shall commence on January 1, 2013, and, except as otherwise provided, continue for a period of two (2) years, terminating on December 31, 2014.

(b) If Lessee desires to extend the term of this Lease beyond the Initial Term, Lessee shall submit a written request to Lessor no less than ninety (90) days prior to expiration of the Initial Term. Lessee's request shall identify a proposed rental rate and will identify other provisions that Lessee seeks to change or add. If the parties are able to negotiate mutually agreeable terms and provisions, the parties will execute an amendment to this Lease that shall extend the term hereof by a period of one (1) year.

(c) If the parties agree to extend the term of this Lease beyond the Initial Term, Lessee may seek additional extensions by following the procedure set forth in Paragraph 4(b) above. It is the intent of the parties to negotiate Lease extensions on a year-to-year basis.

(d) Should Lessee fail to provide to Lessor a written proposal to extend the term of this Lease at least ninety (90) days prior to the expiration of the Initial Term or any one (1) year extension period, or if the parties are unable to negotiate mutually-agreeable terms for an extension, this Lease shall automatically terminate at the end of the Initial Term or the then-current one (1) year extension. Lessor will be under no obligation to extend this Lease on the then-existing terms and provisions (e.g., if, at the end of the Initial Term, Lessee proposes that this Lease be extended on the existing terms and provisions, Lessor will be under no obligation to agree to such proposal).

(e) This Paragraph 4 does not give Lessee the absolute right to extend the term of this Lease at its sole discretion. Rather, the intent of this paragraph is to outline the manner in which the parties will negotiate the extension of this Lease.

(f) Lessor may sell the Premises during the Initial Term or an extension period. If the Premises are sold, Lessor or the purchaser of the Premises may terminate this Lease by giving Lessee thirty (30) days' prior written notice. In the event such termination occurs, Lessee will be compensated by the purchaser of the Premises for any un-harvested crops in an amount equal to Lessee's actual costs (including but not limited to pro-rated lease cost, seed, water, fertilizer, soil amendments, labor, and equipment rental) incurred ("Actual Costs") plus a profit allowance of $100 per un-harvested acre. If Lessee has no un-harvested crops at the time of termination of this Lease but Lessee has incurred costs to prepare the ground for the following crop year or for planting, Lessee will be entitled to an amount equal his Actual Costs. As a condition of payment pursuant to this paragraph, Lessee will be required to provide evidence of Actual costs (e.g., copies of receipts and invoices reflecting costs incurred by Lessee).

5. **Rent.** Lessee agrees to and shall pay Lessor annual rent for the Premises as follows: (a) one-half (½) of the annual rent on or before January 31 of each year during the term of this Lease; and (b) one-half (½) of the annual rent on or before July 31 of each year during the term of this Lease. Lessor and Lessee agree that the annual rent for the Premises during the term of this Lease shall be Sixteen Thousand Dollars and Zero Cents.

($16,000.00) per year ($160/acre/year @ 100 acres).

The rent shall be paid by Lessee, without deduction, offset, prior notice or demand, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the office of Lessor or at such other place as Lessor may, from time to time, designate in writing.

6. **Late Charge.** Lessee acknowledges that late payment by Lessee to Lessor of rent

or any other amount due under this Lease will cause Lessor to incur costs not contemplated by this Lease, the exact amount of such cost being extremely difficult and impracticable to fix. Therefore, if any payment of rent or any other amount due from Lessee is not received by Lessor within ten (10) days after the date when said rent or other amount is due, Lessee shall pay to Lessor the additional sum of ten percent (10%) of the overdue rent or other amount as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of late payment by Lessee. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount or prevent Lessor from exercising any of the other rights and remedies available to Lessor.

7. **Use.** The Premises shall be used for agricultural purposes only and for no other purpose whatsoever. Lessee agrees to farm the Premises in accordance with good husbandry and generally accepted farming practices in the area and agrees to keep the Premises, and in particular the ditches, rights of ways and areas under or around fences free of noxious weeds, grasses and brush. Lessee shall, at its sole cost and expense, apply soil supplements as necessary in order to maintain and improve the integrity of the soil of the Premises. In the event Lessee does not farm the Premises in accordance with generally accepted farming practices in the area, Lessor may, after reasonable notice to Lessee, and after Lessee's failure to do so within ten (10) days after the date of such notice, implement such generally accepted farming practices at Lessee's expense.

8. **Improvements by Lessor or Lessee.** Lessor shall not be obligated to make any improvements, alterations or repairs to the Premises or any portion thereof or to pay or reimburse Lessee for any part of the cost thereof.

9. **Utilities and Miscellaneous Expenses.** Lessee shall pay any and all costs for water and irrigation. Lessee shall be responsible for and shall promptly pay for any and all costs

and expenses, including without limitation, utility costs in any way related to Lessee's farming of the Premises and Lessee's performance of its obligations under this Lease.

10. **Repairs and Maintenance.** Lessee shall care for both the Premises and the approaches to and appurtenances of the Premises, including, but not limited to, all fences, ditches and roadways and shall maintain them in the same order and condition in which received, ordinary wear and tear excepted. Lessee shall, except as otherwise provided, perform, at its sole cost and expense, normal day-to-day maintenance and maintain, repair and replace all pipeline and other irrigation equipment. Lessor will have no responsibility or obligation to repair, replace, or undertake any action regarding any well or pump servicing the Premises. Lessor does not warrant, represent, or guaranty the quantity or quality of irrigation water available to the Premises, if any. Should such water, if any, become unavailable or inaccessible during the term of this Lease as a result of a failure of any pump, motor, appurtenances, or well, Lessee may terminate this Lease. However, Lessee shall not have any right, claim or cause of action for damages against Lessor for any such unavailability or inaccessibility of water or any consequences thereof.

11. **Improvements and Waste.** Lessee shall not construct any improvements on the Premises or make any alternation in any existing improvements without prior written consent of Lessor. Lessee hereby acknowledges and agrees that any and all improvements placed upon the Premises by Lessee shall become the sole property of Lessor upon termination of this Lease and shall not be removed by Lessee without the express written consent of Lessor. Lessee shall not commit or permit or suffer the commission of any waste upon or do or permit or suffer any damage to be done on the Premises.

12. **Compliance with the Law.** In all operations under this Lease or on the Premises,

Lessee shall, at its own cost expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements and orders whatsoever, present, or future, of all national, state, county or municipal government or any other governmental jurisdiction which may in any way apply to the use, maintenance or occupation or other operation on the Premises, or the production of crops thereon, or the sale or other disposition of such crops.

13. **No Joint or Cooperative Venture.** Nothing contained herein is intended, nor shall it be construed, to create between the parties the relationship of joint ventures, partners, or any other cooperative business relationship. At all times herein mentioned and while Lessee is planting, propagating, harvesting or performing any other activity under the Lease or in connection with the Premises, Lessee shall be a tenant and shall not be an agent, employee or representative or partner of Lessor. Any persons employed by Lessee on or in connection with the Premises shall be Lessee's employees or agents and shall not be the employees (either regular or special) or agents of Lessor.

14. **Tax and Liens.** Lessee agrees to pay and discharge, at maturity, all taxes or assessments levied or assessed against any personal property put or placed by Lessee on or in the Premises and not allow any liens or encumbrances to be placed or remain against its property on the Premises or against the Premises insofar as such liens or encumbrances may be asserted by reason of Lessee's acts or occupation or use of said Premises. Payment of all such taxes as set forth above shall be the sole and separate responsibility of Lessee. Lessee agrees to keep the Premises and all improvements thereon free from all liens and claims of mechanics, laborers, materialmen and others for work done and materials furnished to Lessee, and Lessee shall not create or suffer to be created any lien or encumbrance on the Premises.

Lessee acknowledges, understands and agrees that: (1) this Lease may create a possessory interest in Lessee which may be subject to real property taxes; (2) the property interest of Lessee created by this Lease may be subject to property taxes; and (3) this Lease may be subject to property taxes. Lessee agrees to pay all taxes as identified above before the same become delinquent.

15. **Insurance.**

A. Lessee will, during the term of this Lease, maintain insurance coverage which shall be at least as broad as:

(1) Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 0001 1207 covering CGL on an "occurrence" basis, including products-completed operations, personal and advertising injury, with limits no less than TWO MILLION AND NO/100 DOLLARS ($2,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Lessee has no owned autos, hired (Code 8), and non-owned autos (Code 9), with a limit no less than TWO MILLION AND NO/100 DOLLARS ($2,000,000) per accident for bodily injury and property damage

(3) Workers' Compensation: as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with a

limit of no less than TWO MILLION AND NO/100 DOLLARS ($2,000,000) per accident for bodily injury or disease.

If Lessee maintains higher limits than the minimums shown above, Lessor requires and shall be entitled to coverage for the higher limits maintained by Lessee.

B. Lessee's deductible amounts must be approved by Lessor. Lessor may require Lessee to purchase coverage with a lower deductible.

C. Lessee's insurance policies are to contain, or be endorsed to contain, the following provisions:

(1) Lessor and its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy. General liability coverage can be provided in the form of an endorsement to Lessee's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used. The coverage shall contain no special limitations on the scope of protection afforded to Lessor and its officers, officials, employees or volunteers.

(2) For any claims related to this Lease, Lessee's insurance coverage shall be the primary insurance as respects Lessor and its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by Lessor and/or its officers, officials, employees, or volunteers shall be in excess of Lessee's insurance and shall be non-contributory.

(3) Each insurance policy required above shall provide that coverage shall not be canceled, except with written notice to Lessor.

D. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

E. Lessee shall furnish Lessor with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by Lessor before Lessee takes possession of the Premises. However, failure to obtain the required documents prior to Lessee taking possession of the Premises shall not waive Lessee's obligation to provide them. Lessor reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

F. Lessee hereby grants to Lessor and its officers, officials, employees, and volunteers a waiver of any right to subrogation which any insurer of Lessee may acquire against Lessor and/or its officers, officials, employees, and volunteers by virtue of the payment of any loss under such insurance. Lessee agrees to obtain endorsements necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not Lessor has received a waiver of subrogation endorsement from the insurer.

G. Lessor reserves the right to modify the insurance requirements contained in this Lease, including, without limitation, coverage limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

H. Lessee shall obtain, at Lessee's sole cost, insurance coverage on Lessee's property and improvements at their full replacement value. Lessor will not be responsible for obtaining insurance on Lessee's property and improvements.

16. **Indemnification.** Lessee agrees to defend, protect, indemnify and hold harmless Lessor and its elected and appointed officials, officers, employees, agents, and volunteers from and against any and all liabilities, losses, damages, costs, expenses, any and all attorney's fees and expenses of Lessor, causes of action, suits, claims, demands or judgments of any nature whatsoever relating to or arising from (a) any work or thing done during the Lease term on the Premises or any part thereof by Lessee, its agents, contractors, servants, employees, licensees or invitees, (b) injury to or the death of persons or damage to property during the Lease term on the Premises or adjoining ditches, rights of way, fences, canals, levies, roads, highways and the like, or in any manner arising out of or connected with the use, nonuse, condition, possession, operation, maintenance, management or occupation of the Premises by Lessee, or any of its agents, contractors, servants, employees, licensees or invitees during the Lease term or resulting from the condition thereof, (c) any negligence or intentional misconduct on the part of Lessee or any of its agents, contractors, servants, employees, licensees or invitees, (d) violation by Lessee or any of its agents, contractors, servants, employees, licensees or invitees of any covenant or restriction or any governmental restriction, statute, charter, law, rule, ordinance, or regulation affecting the Premises or the ownership, occupancy or use thereof, and (e) the occurrence of any event of default as described in Paragraph 24 below provided such losses, claims or expenses are not caused in any part by the willful misconduct or gross negligence of Lessor, its agents, or employees. The provisions of this Paragraph 16 shall survive the termination of this Lease.

17. **Entry by Lessor.** Lessee shall permit Lessor and Lessor's agents and assigns, at all reasonable times, to enter the Premises and to use the roads established on the Premises now or in the future for the purpose of inspection, compliance with the terms of this Lease, exercise of all rights under this Lease, posting of notices and all other lawful purposes. Lessee shall supply

Lessor and Lessor's agents and assigns with keys and other instruments necessary to effect entry of the Premises.

18 **Surrender Upon Termination.** Whenever any lands constituting all or any part of the Premises shall cease to be subject to this Lease by lapse of time, termination or otherwise, Lessee shall promptly and peacefully surrender up the possession of all such lands and all improvements thereon to Lessor in the condition that existed upon the commencement of this Lease, reasonable wear and tear excepted, and if requested by Lessor, shall duly and promptly execute, acknowledge and deliver to Lessor a good, sufficient and recordable quitclaim deed covering all rights of Lessee in and to such lands. It is understood that if, at the expiration of the term of this lease, the Lessee has not fully harvested any crop then growing thereon, said Lessee shall have the right of entry upon said premises, notwithstanding the expiration of the term, for the purpose of completing harvesting of said crop. This right of entry, however, shall expire thirty (30) days after the expiration of the term of this lease.

19. **Holding Over.** In the event Lessee holds over and remains in possession of the Premises or any part thereof after expiration of this Lease with the express consent of Lessor, such holding over shall be construed to be a month-to-month tenancy only, with rent payable at the times and in the amounts specified by Lessor. Such tenancy shall be subject to all terms and conditions of this Lease.

20. **Assignment of Subletting.** Lessee shall not assign this Lease or any rights under it and shall not sublet the entire or any part of the Premises, or any right or privilege appurtenant to the Premises, or permit any other person or entity (the agents and employees of Lessee excepted) to occupy or use the entire or any portion of the Premises without first obtaining Lessor's written consent, which consent may be withheld in the reasonable discretion of Lessor.

The consent of one assignment, subletting, occupation, or use by another person or entity is not a consent to a further assignment, subletting, occupation, or use by another person or entity. Any assignment or subletting without the Lessor's consent shall be void and shall, at the Lessor's option, terminate this Lease. No interest of Lessee in this Lease shall be assignable by operation of law without Lessor's written consent. No assignment of this Lease by Lessor shall release Lessee from the obligations imposed upon Lessee hereunder.

21. **Nonwaiver.** The failure or omission of Lessor to terminate this Lease for any violation of any of its terms, conditions, or covenants by Lessee shall in no way bar, stop or prevent Lessor from terminating this Lease thereafter, either for such or any other subsequent violation of any such term, condition or covenant of this Lease. The acceptance of rent hereunder shall not be, or construed to be, a waiver of any breach of any term, covenant or condition of this Lease by Lessor.

22. **Time is of the Essence.** Time is hereby expressly declared to be of the essence of this Lease and of each and every provision hereof, and each such provision is hereby made and declared to be the material, necessary and essential part of this Lease.

23. **Insurance Hazards.** Lessee shall not use the Premises or permit others to use the Premises, nor permit acts that will increase the existing rates of insurance on the improvements on the Premises, or cause a cancellation of any insurance policy covering in whole or in part any improvements on the Premises, nor shall Lessee sell or permit to be kept, used or sold, in or about the Premises, any article that is prohibited by the standard form of insurance policies. Lessee shall comply with all requirements, applying to the Premises of any insurance organization or company, necessary for the maintenance of reasonable fire and pubic liability insurance covering the improvements on the Premises.

24. **Default.** Lessee will default on this Lease if Lessee:

(a) fails to abide by the Lease terms, covenants, or provisions in due and proper time;

(b) abandons the Premises for a continuous thirty (30) day period; or

(c) (1) applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial portion of its assets, (2) makes a general assignment for the benefit of creditors, (3) is adjudicated as bankrupt or becoming insolvent, (4) files a voluntary petition in bankruptcy, or (5) files a petition or answer seeking debtor relief; or

(d) dies.

25. **Remedies.** In the event that Lessee defaults on this Lease, in addition to any and all other legal and equitable remedies available to Lessor, Lessor shall have the immediate right to the following:

(a) **Continuation of Lease**: In the event of a default and abandonment of the Premises by Lessee, then if Lessor does not elect to terminate this Lease as provided in Section (a) above, Lessor will have the remedy described in California Civil Code Section 1951.4 (Lessor may continue lease in effect after Lessee's breach and abandonment and recover rent as it becomes due, if Lessee has the right to sublet or assign, subject only to reasonable limitations).

(b) **Written Notice and Termination of Lease:**

(1) Lessor shall have the immediate right to terminate the Lease by first serving Lessee with a written notice in compliance with the California Code of Civil Procedure Section 1161 or other applicable law. If Lessee does not timely comply with the notice, the City may terminate the Lease and may recover from Lessee all damages permitted under California Civil Code Section 1951.2. Lessor will be entitled to damages, including, without limitation, the

worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

(2) Upon termination of this Lease, Lessor shall immediately have the right to reenter the Premises and remove all persons and property from the Premises. All persons and property removed shall be stored at the Lessee's expense.

(3) Lessor may also take possession and become owner of all crops on the Premises, be they harvested or unharvested. Lessor shall not be obligated to compensate Lessee for any harvested or unharvested crops left on the Premises. Lessee shall be liable to Lessor for all costs necessary to cultivate and harvest said crops exceeding the amount received by the Lessor, if any, for the sale of the crop. Lessee agrees to waive all claims for damages caused by Lessor's reentry and repossession of the Premises or crop cultivation, harvest, removal, or storage. The above-stated remedies of Lessor shall not be exclusive but shall be cumulative and in addition to all rights and remedies now or hereafter received or allowed by law.

26. **Notice.** Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or email if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or three business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addresses as follows:

CITY OF HANFORD
319 N. Douty Street
Hanford, CA 93230

Larry Davis
13683 Idaho Ave.
Hanford, CA 93230

27. **Environmental Matters.**

(a) **Compliance with Environmental Law.** Lessee shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations (collectively "Hazardous Materials Laws") relating to industrial and agricultural hygiene, environmental protection or use, analysis, generation, manufacture, storage, disposal, or transportation of any hazardous, toxic, contaminated or polluting materials, substances or wastes, including without limitation, any "pesticides," "herbicides," "petroleum products," "hazardous substances," "hazardous waste," "hazardous materials," or "toxic substances" (collectively "Hazardous Materials").

(b) **Hazardous Materials Handling.** Lessee shall, at its own cost, procure and maintain in effect during the entire term of this Lease or any extension thereof, and comply with all conditions of any and all permits, licenses or government and regulatory approvals required for Lessee's use, analysis, generation, manufacture, storage, disposal or transportation of the Hazardous Materials on or from the Premises. Lessee shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and waste. Lessee shall in all respects use, handle, treat, deal and manage any and all Hazardous Materials in, on, under or about the Premises in total conformity with all applicable Hazardous Materials Laws and pursuant to prudent industry and agricultural practices. Upon expiration or earlier termination of the term of Lease or any extension thereof, Lessee shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage or disposal in accordance and in compliance with all applicable Hazardous Material Laws. Lessee shall not take any remedial action in response to the presence of any Hazard Materials in or about the Premises or any building, or enter into any settlement agreement, consent, decree, or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises without first notifying Lessor of Lessee's intention to do so and affording Lessor ample opportunity to appear, intervene or otherwise appropriately assert and protect Lessor's interest with respect thereto.

(c) **Notices.** Lessee shall immediately notify Lessor in writing of: any enforcement, clean up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazard Materials Laws; any claim made or threatened by any person against Lessee or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and any reports made to any governmental agency arising out of or in connection with any Hazardous Materials used or stored upon or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith. Lessee shall also supply to Lessor as promptly as possible and in any event within five (5) days after Lessee first receives or sends the same with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Lessee's use thereof. Upon Lessor's request, Lessee shall promptly deliver to Lessor copies of hazardous waste manifests reflecting the legal and proper use and disposal of all Hazardous Materials used or removed from the Premises.

(d) **Indemnification of Lessor**. Lessee shall indemnify, defend (by counsel reasonably accepted to Lessor), protect and hold Lessor, its officials, officers, employees, agents, attorneys, successors, assigns, and officials, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenditures (including attorneys' fees) or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the presence in, on or upon or about the Premises or a discharge in or from the Premises of any Hazardous Materials or Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, upon, about or from the Premises, or (b) Lessee's failure to comply with any Hazardous Materials Law; provided such loss, damage or claim is not the direct and sole result of the use of the Premises by Lessor subsequent to termination of this Lease or the conduct or actions of Lessor, its agent, or employees. Lessee's obligations hereunder shall include, without limitation and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith and shall survive the expiration or earlier termination of the term of this Lease or any extension thereof.

28. **Attorney's Fees.** If any action at law or in equity is necessary to enforce or interpret the terms of this Lease, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to any other reasonable relief to which it may be entitled. With respect to any suit, action or proceeding arising out of or related to this Lease or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the Superior Court for the County of Kings, State of California for any proceeding arising hereunder.

29. **Sole and Only Agreement.** This Lease supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to their rights and obligations as

identified in this Lease and contains all of the covenants and agreements between the parties with respect to said rights and obligations under this Lease in any manner whatsoever. Each party to this Lease acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Lease, and no other agreement, statement or promises shall be valid or binding.

30. **Invalidity.** If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

31. **Successors and Assigns.** Subject to Paragraph 20 of this Lease, this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

32. **Amendment.** No change, amendment or modification of this Lease shall be valid unless the same be in writing and signed by the parties hereto.

33. **Governing Law.** This Lease shall be construed and governed pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Lease effective on the day and in the year first set forth above.

LESSOR:

CITY OF HANFORD
As Successor Agency
to the Community Redevelopment
Agency of the City of Hanford

By______________________
Darrel L. Pyle
City Manager

LESSEE:

Larry D. Davis
an Individual

By______________________
Larry D. Davis
Business Owner

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EXHIBIT "A"

PARCEL 1:

The North 22-1/2 acres of the East 60 acres of the North half of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, EXCEPTING therefrom the East 2-1/2 acres thereof; and the South 37.5 acres of the East 60 acres of the North one half (N ½) of the Northeast one Quarter (NE 1/4) of Section Thirteen (13) Township Nineteen (19) South, Range Twenty one (21) East, M.D.B. & M. EXCEPTING THEREFROM the East 25.0 feet thereof, heretofore conveyed, declared and/or dedicated to County of Kings for road purposes.

APN: 018-242-007

PARCEL 2:

The Southwest Quarter of the Northeast Quarter, and the West 50 feet of the Southeast Quarter of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, EXCEPTING THEREFROM the interest in the North 12-1/2 feet of the East half of the Southwest Quarter of the Northeast Quarter and the North 12-1/2 feet of the West 50 feet of the Southeast Quarter of the Northeast Quarter of said Section 13, which was conveyed by A. G. Park by that certain Deed dated January 29, 1890, recorded in Book 39 at Page 263 of Deeds, Tulare County Records, which Deed recites "for roadway purposes";

TOGETHER with a right of way for road purposes over a strip of land described as follows: BEGINNING at a point 12-1/2 feet South and 50 feet East of the Northwest corner of the Southeast Quarter of the Northeast Quarter of said Section 13; running thence South 33 feet; thence East to the East line of said Section 13; thence North 33 feet; thence West to the POINT OF BEGINNING; EXCEPTING oil reservations in said property as reserved by A. S. Lemos and Belvina S. Lemos.

APN: 018-242-020

EXHIBIT “B”

EXHIBIT "B"

**SHARED APPRECIATION
SECURED PROMISSORY NOTE**

$825,000.00 November 18, 2009
Hanford, California

FOR VALUE RECEIVED the undersigned, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD ("Maker") promises to pay in lawful money of the United States to KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, a California Non-Profit Public Benefit corporation ("Holder") or order, at Hanford, California, or such other location designed by Holder, the principal sum of Eight Hundred Twenty-Five Thousand Dollars ($825,000.00) with no interest thereon.

Maker and Holder acknowledge and agree that this Promissory Note represents a shared appreciation loan by Holder to Maker. The loan funds will be used by Maker to fund fifty percent (50%) of the purchase price of real property located in Hanford, California, purchased by Maker from Edward Monroe Hill, a married man as his sole and separate property, for a total purchase price of One Million Six Hundred Fifty Thousand Dollars ($1,650,000.00) ("Purchase Price"). The real property purchased by Maker ("Real Property") is more particularly described in the Shared Appreciation Deed of Trust of same date herewith and which secures Maker's performance under this Promissory Note ("Deed of Trust").

The principal balance of this Promissory Note shall be paid to Holder as portions of the Real Property are sold by Maker. Prior to the close of escrow for the sale of any portion of the Real Property, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold by Maker. In consideration of providing a partial reconveyance, Maker shall pay to Holder Seven Thousand, Five Hundred Dollars ($7,500.00) per acre ("Principal Installment") for each acre subject to Holder's partial reconveyance on the date of close of escrow for the sale of that portion of the Real Property. Payments of Principal Installments shall continue in this fashion until the sale of the last portion of the Real Property at which time the remaining principal balance of this Promissory Note shall be paid in full.

Should Maker elect to transfer title to any portion of the Real Property for consideration other than cash, Holder shall remain entitled to payment of the Principal Installment and CDI (defined below) for that portion of the Real Property transferred, with the CDI calculated based upon the Bare Land Price (defined below) for that portion of the Real Property transferred, unless Holder elects to waive payment of such Principal Installment and/or elects to waive or accept a reduced CDI. In the event Maker and Holder cannot reasonably agree upon the Bare Land Price for that portion of the Real Property transferred, the appraisal process described in the first full paragraph of page 4 below shall be utilized to identify the Bare Land Price for the purposes of this paragraph.

EXHIBIT "B"

Holder and Maker agree to perform their obligations under this Promissory Note and the Deed of Trust in good faith and to deal fairly with each other. Maker agrees that the sale or lease of any portion of the Real Property will be through an arms-length transaction unless otherwise consented to by Holder.

Holder and Maker agree that the principal balance of this Promissory Note shall not accrue fixed rate interest, but instead, maker shall pay Holder contingent deferred interest ("CDI") which shall be calculated as follows: Should Maker sell any portion of the Real Property for a price in excess of Fifteen Thousand Dollars ($15,000.00) per acre, Holder shall receive on the date of close of escrow for the sale of that portion of the Real Property, an amount equal to Fifty percent (50%) of that portion of the Purchase Price for that portion of the Real Property in excess of Fifteen Thousand Dollars ($15,000.00) per acre. For purposes of example only, should Maker sell an acre of the Real Property for Twenty Thousand Dollars ($20,000.00) per acre, Twenty Thousand Dollars ($20,000.00) per acre less Fifteen Thousand Dollars ($15,000.00) equals Five Thousand Dollars ($5,000.00), with Holder receiving half of that amount, Two Thousand Five Hundred Dollars ($2,500.00), per acre as CDI. The CDI received by Holder will be in addition to the Principal Installment due upon the sale of that portion of the Real Property. Maker will, with respect to each sale of a portion of the Real Property, retain the sales proceeds remaining after payment of the Principal Installment and CDI to Holder.

On the sale of the last portion of the Real Property, Holder shall provide to escrow holder on or before the date of close of escrow, a full reconveyance of the Deed of Trust. On the date of close of escrow for the sale of the last portion of the Real Property, Holder shall receive any remaining portion of the Principal Installment that may be due and was not waived by Holder plus any CDI Holder may be entitled to receive plus an amount equal to Seven Thousand, Five Hundred Dollars ($7,500.00) per acre for those portions of Real Property that were used for the construction of streets, storm drainage basins and any other public improvements constructed by Maker. On the date of close of escrow for the sale of the last portion of the Real Property and the payment to Holder of all remaining Principal Installments and CDI, this Promissory Note shall terminate.

Maker shall have the right to prepay all or any part of the outstanding unpaid principal balance of this Promissory Note at any time without penalty. Should Maker prepay all or any portion of the outstanding principal balance of this Promissory Note before all of the Real Property is sold, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after the principal balance of this Promissory Note has been paid in full, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder, on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

In the event of Maker's failure to perform when due any obligation, covenant or agreement of this Promissory Note or the Deed of Trust which secures Maker's performance under this

Promissory Note, Holder may accelerate this Promissory Note and demand immediate payment of all unpaid principal. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after Holder's acceleration of payment under this Promissory Note, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of Real Property.

Should Maker default under any of the terms and conditions of this Promissory Note or the Deed of Trust securing Maker's performance hereunder, and an attorney is hired for collection, or if suit is filed hereon, Maker agrees to pay to Holder all reasonable costs of collection, including attorneys' fees. The amounts due Holder hereunder shall have equal priority with, and be secured by, the Deed of Trust securing this Promissory note.

The breach by Maker of any term or consideration of the Deed of Trust shall also constitute a material breach of this Promissory Note and as a result of such breach, the payment of principal shall be accelerated and shall become immediately due and payable.

Should Holder fail to perform when due any obligation, covenant or agreement it is required to perform under this Promissory Note, including, without limitations, providing any partial release of the Deed of Trust within the time period required under this Promissory Note, and Maker is not in breach of any provision of this Promissory Note or the Deed of Trust, Maker shall be relieved of all its obligations under this Promissory Note, including, without limitations, the payment to Holder of any Principal Installment or CDI until Holder completes its required performance.

In the event of any breach or default by Holder or Maker of their respective obligations under this Promissory Note, the non-defaulting party may maintain an action at law or in equity, including, without limitation, an action for damages or specific performance. Because the Real Property is unique and the amount thereof limited for sale to purchasers, irreparable harm could result if the Promissory Note was not strictly enforced. Therefore, the rights and obligations of the parties hereto may be enforced by a court of equity by a decree of specific performance and/or appropriate injunctive relief. Such remedies shall be cumulative and not exclusive and shall be in addition to all other remedies which any party may have under this Promissory Note or otherwise.

Holder and Maker acknowledge and agree that the relationship between Holder and Maker is one of lender and borrower and no other. Nothing contained in this Promissory Note or the Deed of Trust shall create or be construed as creating a partnership, joint venture or any other relationship other than lender and borrower.

Maker shall have the right to lease any portion of the Real Property ("Leased Property"). Should Maker elect to lease any portion of the Real Property, Maker shall, except as otherwise provided, pay to Holder on or before the date the lease term commences, a Principal Installment for each acre of Lease Property. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder upon the sale of the Lease Property. The Principal Installment payment will ***not*** be due and payable upon the execution of any agricultural lease for the cultivation of crops on the Real Property by Maker's tenant(s). Holder agrees to subordinate the Deed of Trust to: (1) deeds of trust or other security instruments recorded against the Lease Property securing construction and permanent financing obtained by Maker or any lessee of the Lease Property for the development and improvement of the Lease Property; and (2) any lease of the Lease Property.

Should Maker sell the Lease Property, any CDI due Holder from the sale of the Lease Property shall be based upon the sale of the Lease Property as bare land without any on-site improvements ("Bare Land Price"). Maker and Holder shall have fifteen (15) days from the date of written notice from Maker to Holder advising Holder of Maker's election to sell the Lease Property to agree on the Bare Land Price. Should Maker and Holder fail to agree on the Bare Land Price within said fifteen (15) day period, Maker and Holder will have ten (10) days from the end of the fifteen (15) day period to attempt to agree on a single appraiser to appraise the Lease Property and determine the Bare Land Price. Should Maker and Holder fail to agree on a single appraiser within the ten (10) day period, Maker and Holder shall have five (5) days to each select an appraiser to appraise the Lease Property and determine the Bare Land Price. If either Holder or Maker fails to select an appraiser within said five (5) day period, the appraiser selected by the other shall act as the sole appraiser to determine the Bare Land Price. Once selected, the appraiser or appraisers will have thirty (30) days to issue a final appraisal identifying the Bare Land Price. If the appraisers cannot agree on a Bare Land Price, they shall each provide an appraisal of the Bare Land Price. The Bare Land Price shown in each appraisal will be added together and divided by two (2) and that number will constitute the Bare Land Price to be used to determine whether any CDI is owed to Holder. Prior to the close of escrow for the sale of the Lease Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust for the Lease Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due Holder for the sale of the Lease Property.

This Promissory Note shall be governed and construed in accordance with the laws of the State of California as those laws are applied to written contracts between residents of said jurisdiction to be performed within said jurisdiction.

Time is of the essence in the performance of the obligations of Maker under this Promissory Note.

All payments under this Promissory Note shall be made in lawful money of the United States of America to Kings County Economic Development Corporation, 120 North Irwin Street, Hanford, California 93230, or at such other address as Holder may designate in writing from time to time.

Any notices or other communication required or permitted under this Agreement shall be in writing, and shall be (a) personally delivered, or sent by certified or registered United States mail, postage prepaid, return receipt requested, to the address of the party set forth in this paragraph; or (b) telecopied to the Fax number of the party set forth below. Such notice or communication shall be deemed given when delivered in person, when the telecopy is received or, in the case of the mailed notice, at the time of deposit in the United States mail to the addresses shown below:

To Holder: Kings County Economic Development Corporation
120 N. Irwin Street
Hanford, CA 93230
Fax#(559) 585-7398

With a copy to: K. Phillip Maroot
MAROOT & HARDCASTLE
429 N. Redington Street
Hanford, CA 93230
Fax#(559) 584-7625

To Maker: Community Redevelopment Agency
of the City of Hanford
315 N. Douty Street
Hanford, CA 93230
Attn: Gary Misenhimer
Fax#(559) 582-1152

With copy to: Robert M. Dowd
Ty N. Mizote
GRISWOLD, LaSALLE, COBB,
DOWD & GIN, LLP
111 E. Seventh Street
Hanford, CA 93230
Fax#(559) 582-3106

Any party may designate a new address for notice by written notice to the other party mailed or transmitted as herein provided.

Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in making any action to collect any amounts called for hereunder.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding such matter. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promises shall be valid or binding.

No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

This Promissory Note is secured by a Deed of Trust of same date herewith.

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF HANFORD

By: ______________________
GARY W. MISENHIMER
President

EXHIBIT “C”

Doc Nbr: 0922339
Doc Type: 08
Titles: 02 Pages: 005
Fees: 0.00
Taxes: 0.00
Paid: $0.00
Kings County Clerk Recorder-157200 12/16/2009
Ken Baird 08:00:00
Chicago Title Company
r010

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Kings County Economic Development Corp.
120 N. Irwin Street
Hanford, CA 93230

SHARED APPRECIATION
DEED OF TRUST WITH ASSIGNMENT OF RENTS
(This Deed of Trust Contains an Acceleration Clause)

THIS DEED OF TRUST, made this 18 day of November, 2009, between COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD, herein called **TRUSTOR**, whose address is 319 N. Douty Street, Hanford, California 93230,

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called **TRUSTEE,**

and KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, herein called **BENEFICIARY,**

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the CITY OF HANFORD, California described as:

SEE EXHIBIT "A," which is attached hereto and made a part hereof,

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of $825,000.00 with contingent deferred interest thereon according to the terms of a Shared Appreciation Secured Promissory Note or notes of even date herewith ("Note") payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or their successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder where said property is located, noted below opposite the name of such county, namely:

County	Book	Page	County	Book	Page	County	Book	Page
Alameda	1288	556	Madera	911	136	San Luis Obispo	1311	137
Alpine	3	130-31	Marin	1849	122	San Mateo	4778	175
Amador	133	438	Mariposa	90	453	Santa Barbara	2065	881
Butte	1330	513	Mendocino	667	99	Santa Clara	6626	664
Calaveras	185	338	Merced	1660	753	Santa Cruz	1638	607
Colusa	323	391	Modoc	191	93	Shasta	800	633
Contra Costa	4684	1	Mono	69	302	Sierra	38	187
Del Norte	101	549	Monterey	357	239	Siskiyou	506	762
El Dorado	704	635	Napa	704	742	Solano	1287	182
Fresno	5052	623	Nevada	363	94	Sonoma	2067	427
Glenn	469	76	Orange	7182	18	Stanislaus	1970	56
Humboldt	801	83	Placer	1028	379	Sutter	655	585
Imperial	1189	701	Plumas	166	1307	Tehama	457	183
Inyo	165	672	Riverside	3778	347	Trinity	108	595
Kern	3756	60	Sacramento	5039	124	Tulare	2530	108
Kings	858	713	San Benito	300	405	Tuolumne	177	160
Lake	437	110	San Bernardino	6213	768	Ventura	2607	237
Lassen	192	367	San Diego Series 5 Book 1964, Page 149774			Yolo	769	16
Los Angeles	T03878	874	San Francisco	A-804	596	Yuba	398	693
			San Joaquin	2855	283			

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 5 and 6 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

If the trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to him at its address hereinbefore set forth.

Dated: November 18, 2009

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF HANFORD

BY: ______________________
GARY W. MISENHIMER, President

3

ACKNOWLEDGEMENT

STATE OF CALIFORNIA } ss.
COUNTY OF Kings

On November 18, 2009, before me, Karen Madruga, Notary Public, personally appeared GARY W. MISENHIMER, 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 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 this instrument.

I certify under the 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.

KAREN MADRUGA
Commission # 1810410
Notary Public - California
Kings County
My Comm. Expires Aug 21, 2012

Signature Karen Madruga
Signature of Notary Public

EXHIBIT A

PARCEL 1:

The North 22-1/2 acres of the East 60 acres of the North half of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, EXCEPTING therefrom the East 2-1/2 acres thereof; and the South 37.5 acres of the East 60 acres of the North one half (N ½) of the Northeast one Quarter (NE 1/4) of Section Thirteen (13) Township Nineteen (19) South, Range Twenty one (21) East, M.D.B. & M. EXCEPTING THEREFROM the East 25.0 feet thereof, heretofore conveyed, declared and/or dedicated to County of Kings for road purposes.

APN: 018-242-007

PARCEL 2:

The North Half of the Southeast Quarter of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the County of Kings, State of California; EXCEPTING THEREFROM THE FOLLOWING PARCELS:

1. The North 45.5 feet thereof.

2. The West 50 feet thereof.

3. That portion conveyed to the County of Kings, by Deed recorded September 6, 1960 in Book 764, Official Records, Page 960, as Document No. 9601.

4. The North 330 feet of the East 330 feet thereof, as conveyed by Deed recorded March 11, 1965 in Book 869, Official Records, Page 487, as Document No. 3557 and by Deed recorded March 22, 1965 in Book 869, Official Records, page 995, as Document No. 4012.

5. That portion of the North Half of the Southeast Quarter of the Northeast Quarter of Section 13, Township 14 South, Range 21 East, Mount Diablo Base and Meridian, in the County of Kings, State of California, described as follows:

   Beginning at the intersection of the West line of the property described in the Deed from Niebes Garcia, et ux, to the County of Kings, recorded September 6, 1960 in Book 764 at Page 960, Official Records of Kings County, with the Southerly line of the property described in the Deed to John B. Garcia, et ux, recorded March 22, 1965, in Book 869 at Page 995 Official Records of Kings and running thence Westerly, along the Southerly line and its Westerly extension of said last referred to Garcia property, 390 feet, to a point; thence Southerly, and parallel to the West line of the County of Kings Property herein above referenced to, 280 feet, more or less, to a point 50 feet Northerly (along said line as Southerly extended) from the Southerly line of the North half of the Southeast Quarter of the Northeast Quarter of said Section; thence Easterly, parallel with said last referred to South line, 390 feet, more or less, to a point in the West line of the County of Kings property herein above referred to; thence Northerly, along said last referred to Kings County West property line, 280 feet, more or less, to the POINT OF BEGINNING.

APN: 018-242-013

PARCEL 3:

The Southwest Quarter of the Northeast Quarter, and the West 50 feet of the Southeast Quarter of the Northeast Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, EXCEPTING THEREFROM the interest in the North 12-1/2 feet of the East half of the Southwest Quarter of the Northeast Quarter and the North 12-1/2 feet of the West 50 feet of the Southeast Quarter of the Northeast Quarter of said Section 13, which was conveyed by A. G. Park by that certain Deed dated January 29, 1890, recorded in Book 39 at Page 263 of Deeds, Tulare County Records, which Deed recites "for roadway purposes";

TOGETHER with a right of way for road purposes over a strip of land described as follows: BEGINNING at a point 12-1/2 feet South and 50 feet East of the Northwest corner of the Southeast Quarter of the Northeast Quarter of said Section 13; running thence South 33 feet; thence East to the East line of said Section 13; thence North 33 feet; thence West to the POINT OF BEGINNING; EXCEPTING oil reservations in said property as reserved by A. S. Lemos and Belvina S. Lemos.

APN: 018-242-020

END OF DOCUMENT

APPRAISAL REPORT

109.89 ACRES OF INDUSTRIAL LAND, HANFORD, CA

AS OF AUGUST 8, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, Ca 93230
Date of Report:	August 9, 2013
Subject Property:	109.89 acres of industrial land, Hanford, CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the properties
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 8, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$2,750,000

Table of Contents

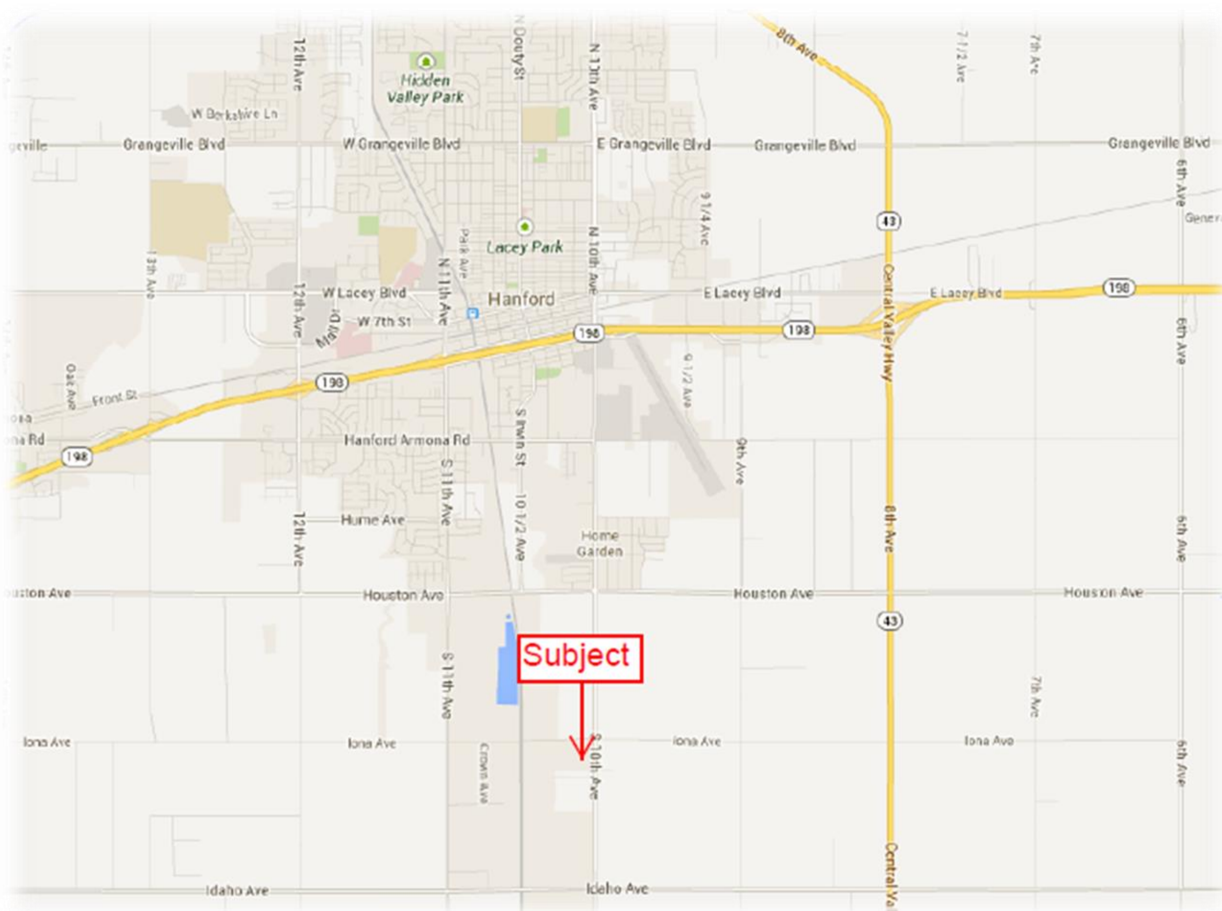
SCOPE OF WORK

- The subject sites were viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value all parcels.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

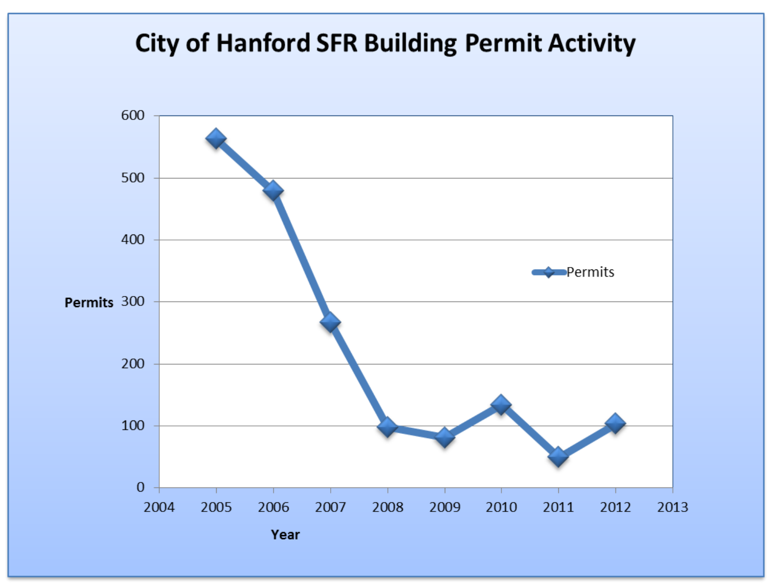
5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.



There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is $48,655. By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist

Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southeast quadrant of Iona Avenue and 10th Avenue in the southern portion of Hanford. Eleventh Avenue is roughly three quarters of a mile to the west while the Burlington Northern and Santa Fe Railroad line borders the western portion of the subject site. This location is part of the Kings Industrial Park. The park primarily lies south of Houston Avenue, north of Jackson Avenue, east of 11th Avenue and west of 10th Avenue.

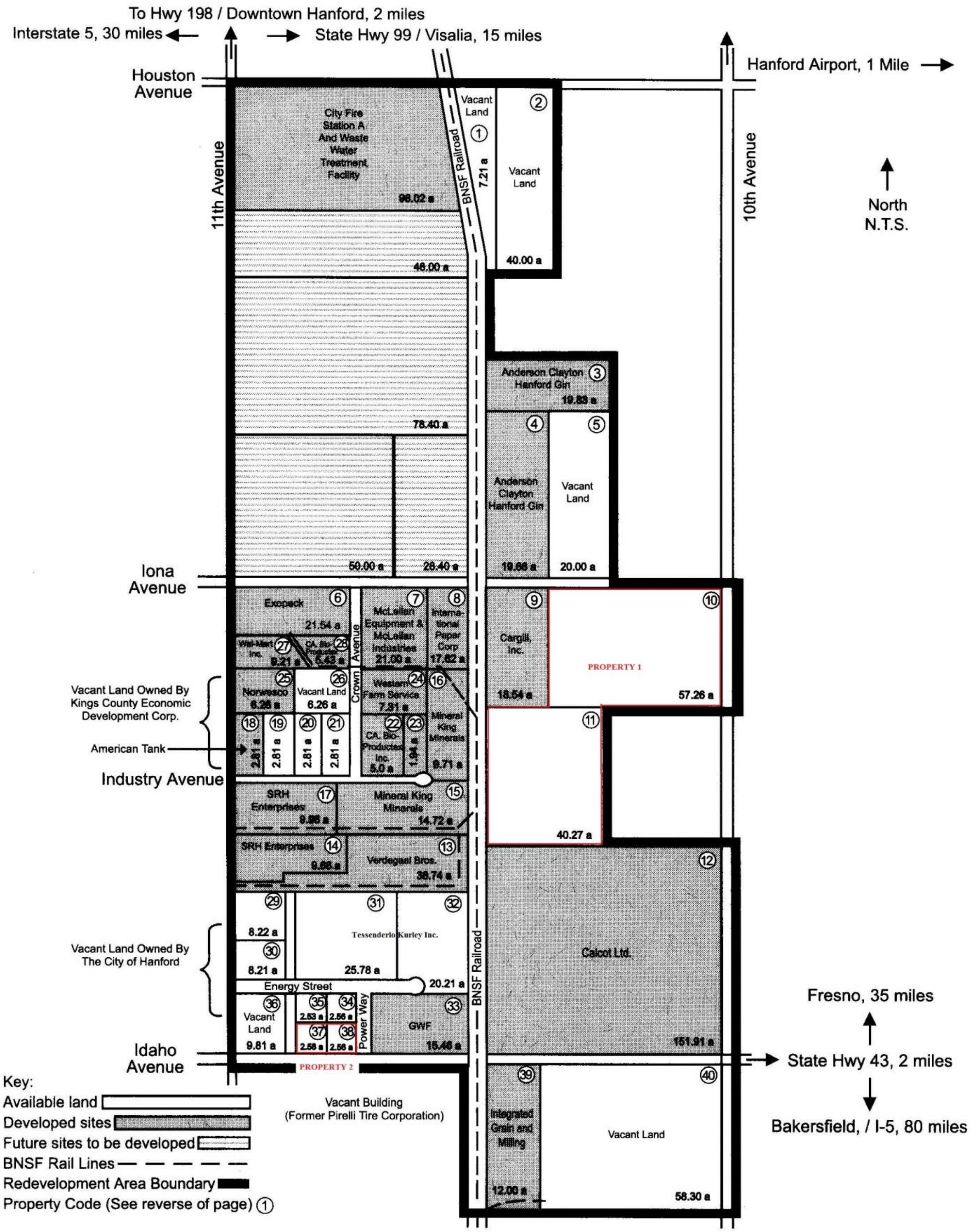
Both 10th and 11th Avenues are primary north-south arterials through Hanford. They carry moderate to heavy traffic volume. Houston and Jackson Avenues are two-lane, east-west rural roadways that carry light to moderate traffic volume. Highway access is adequate. State Highway 43 is two and one-half miles to the east and accessible by Houston, Iona, Idaho and Jackson Avenues. State Highway 198 is two and one-half miles to the north. It provides linkage to major truck routes such as State Highway 99 (20 miles east) and Interstate 5 (30 miles west). Highway 198 is accessible via both 10th and 11th Avenues.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia in particular has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. The subject site includes three parcels. An organic poultry farmer has taken an interest in the subject site, inclusive of all three parcels and aims to utilize the BNSF Rail as a means of transporting chicken feed. The property has been softly marketed for sale through the City of Hanford for several years. Pricing has not been consistent and is negotiable. The site has not sold within a three year period preceding this report.

<table>
<tr><td>Site:</td><td>
<table>
<tr><td>APN</td><td>018-242-007</td><td>018-242-013</td><td>018-242-020</td></tr>
<tr><td>Size</td><td>57.26</td><td>12.36</td><td>40.27</td></tr>
<tr><td>Zoning</td><td>HI</td><td>HI</td><td>HI</td></tr>
<tr><td>Iona Frontage</td><td>1,715’</td><td>0’</td><td>0’</td></tr>
<tr><td>10th Ave. Frontage</td><td>858’</td><td>50’</td><td>0’</td></tr>
<tr><td>Rail Frontage</td><td>No</td><td>No</td><td>Yes</td></tr>
<tr><td>Rail Spur</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td>Off-sites</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td>Plantings</td><td>Corn</td><td>Open</td><td>Open</td></tr>
<tr><td>Well</td><td>None Noted</td><td>None Noted</td><td>None Noted</td></tr>
</table>
</td></tr>
<tr><td>Access:</td><td>Parcel ending in 007 has access from 10th Avenue and Iona Avenue. Parcel ending in 013 has access via 50’ (estimated) wide drive along 10th Avenue. Parcel ending in 020 does not have direct frontage or access from a surface street. It is landlocked as a stand-alone parcel; however, it does front the BNSF Rail.</td></tr>
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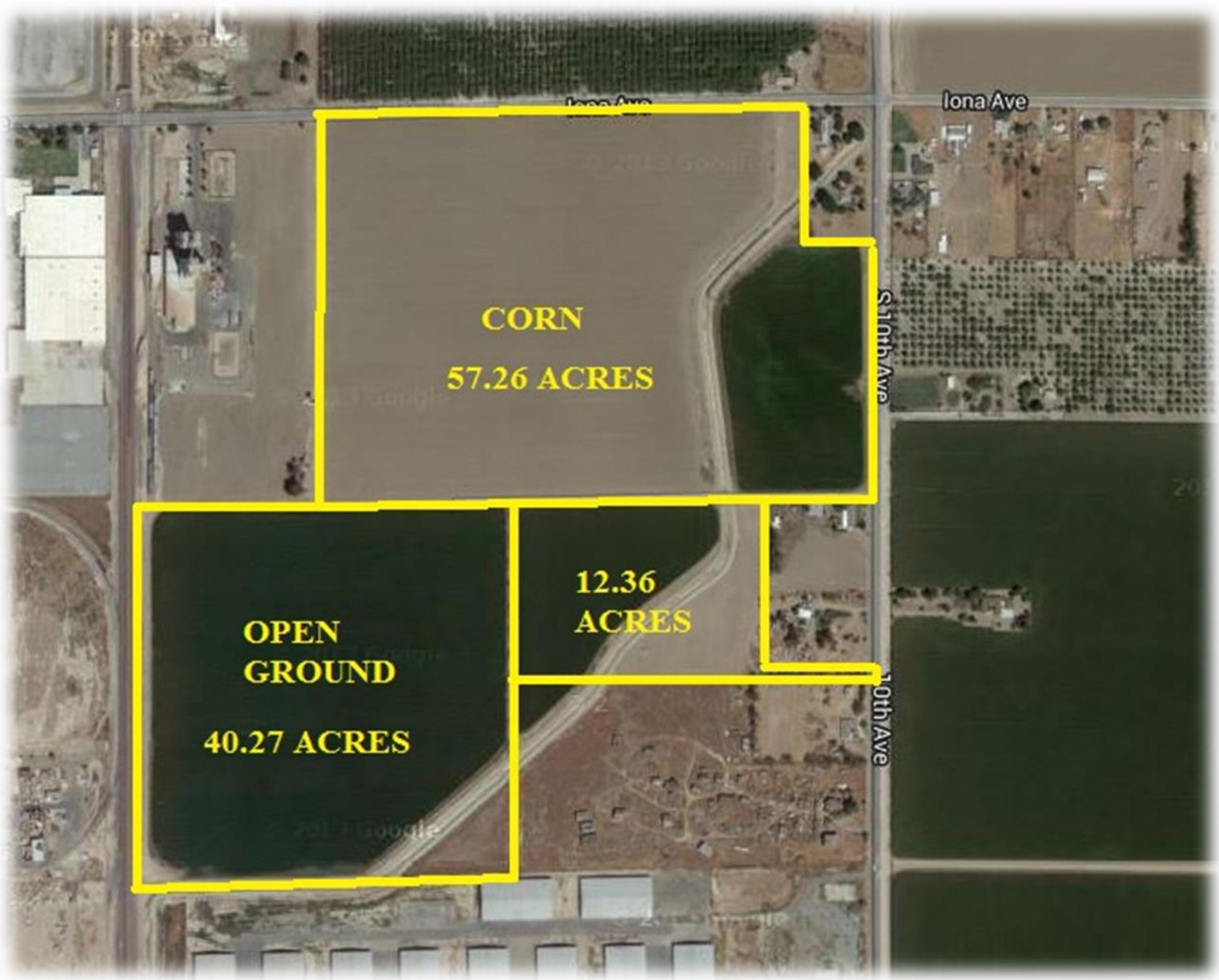
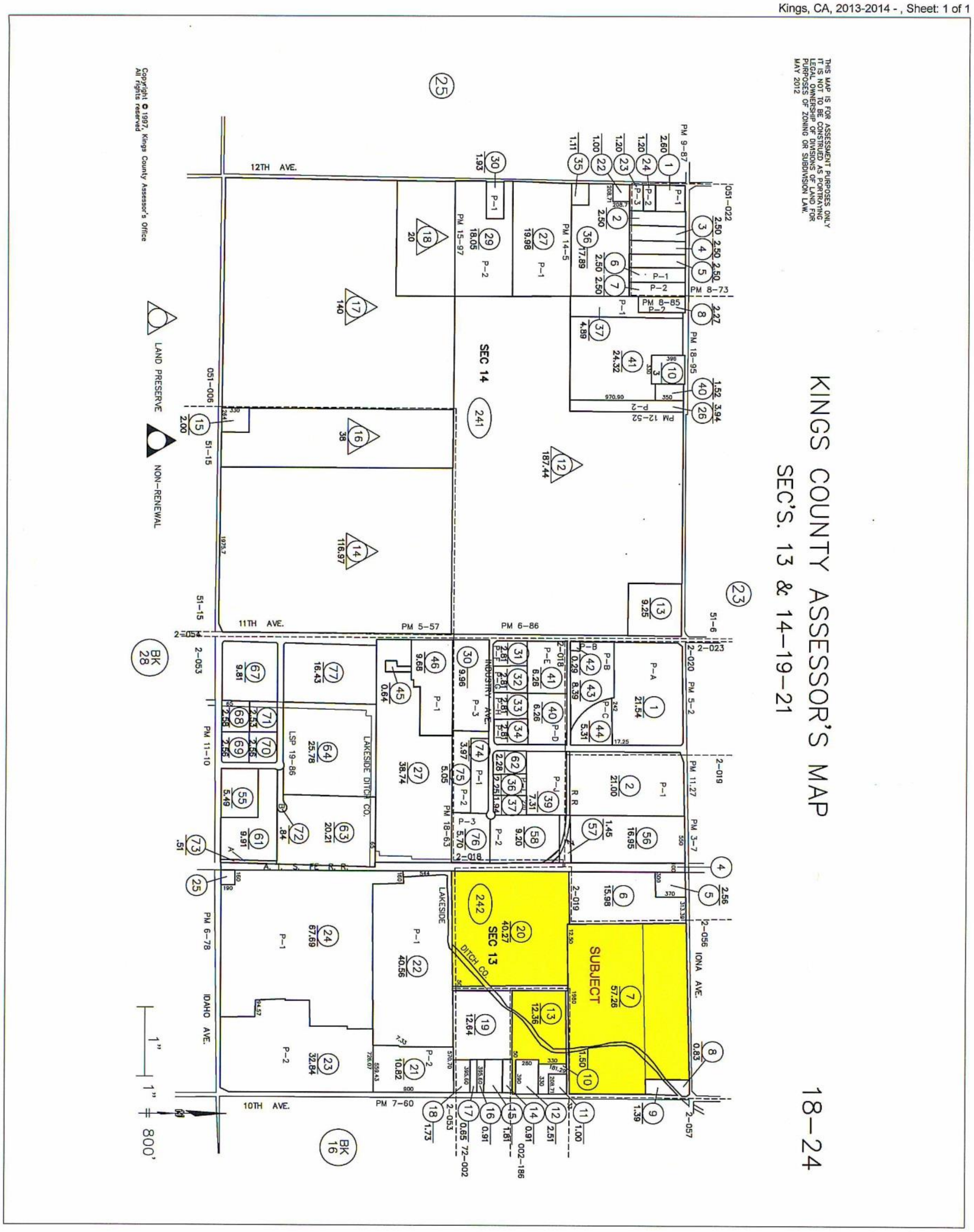


PARCEL MAP

Kings, CA, 2013-2014 - , Sheet: 1 of 1



VALUATION

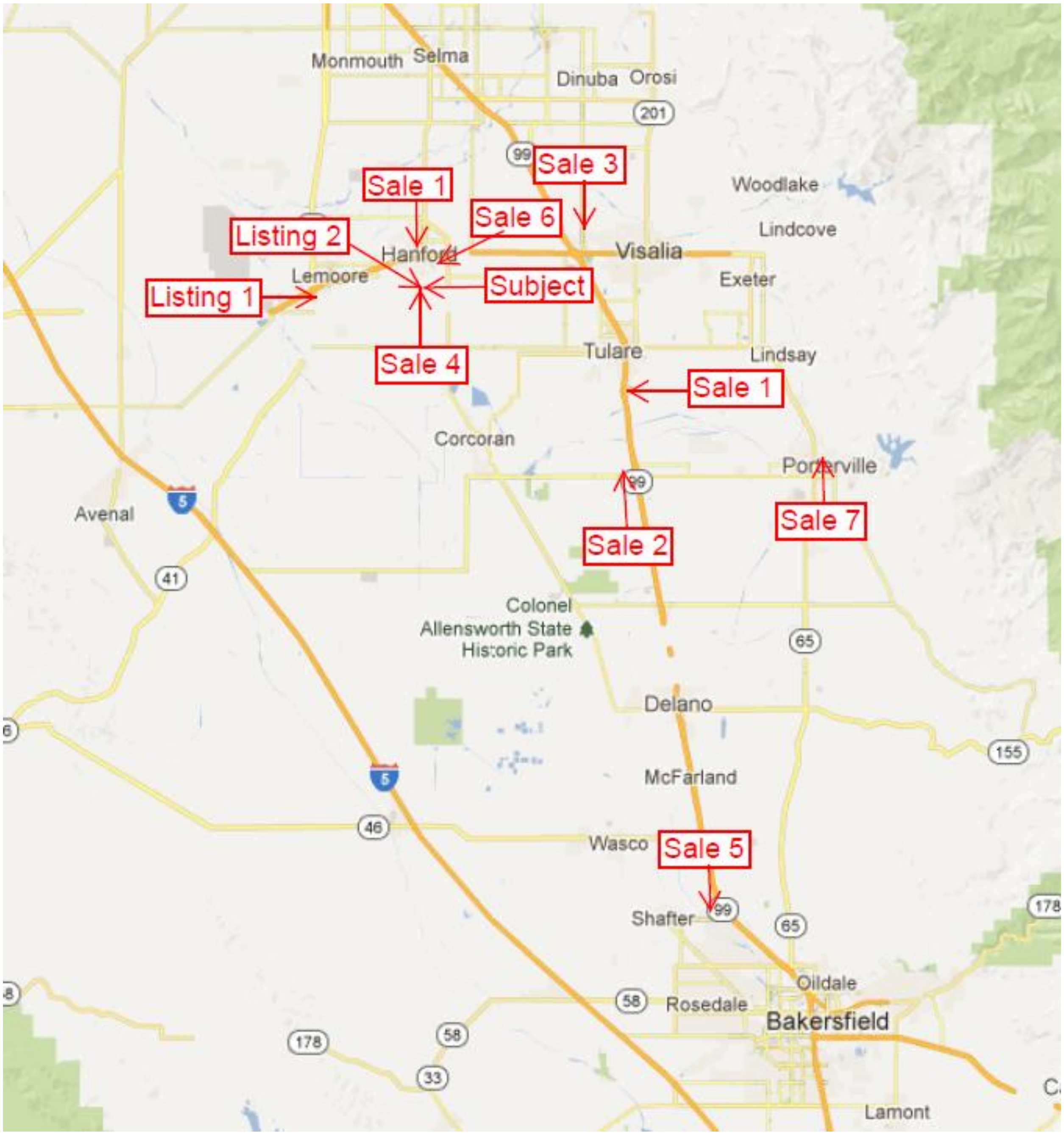
HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development and has potential access to the BNSF Rail. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES

No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	Avenue 200 and Highway 99	Feb-11	$3,720,000	$0.91	$39,829	93.40	M-1	Yes	No
	Tulare, CA	Buyer	RB Brothers						
	Multiple	Seller:	Crabtree						
2	433 North Westling Road	Jun-11	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
3	SEC of Plaza Dr. & Riggin Ave.	Mar-12	$2,270,000	$0.93	$40,471	56.09	I-H	Yes	Yes
	Visalia, CA	Buyer	Exeter 12152, LLC & Coldy Bay, LLC						
	077-360-028; 030	Seller:	Chicago Title Company, Trustee on behalf of Bank of America						
4	N. of Idaho east of 11th Ave.	Jun-12	$1,380,000	$0.69	$30,007	45.99	H-I	Yes	Yes
	Hanford, CA	Buyer	Tessenderlo Kurley Inc.						
	018-242-064	Seller:	Community Redevlopment Agency						
5	300 Carsen Way	Jun-12	$690,000	$1.50	$65,465	10.54	M-1	Yes	Yes
	Shafter, CA	Buyer	Antonio						
	091-171-32	Seller:	Citizen's Business Bank						
6	NS of Hanf. Arm. Rd. E of 9th Ave.	Jul-12	$2,000,000	$0.57	$25,000	80.00	AG-20 GP-UR	No	No
	Hanford, CA	Buyer	Tri West Investments						
	016-060-012	Seller:	Rhoden et al						
7	SEC of Main St. & Linda Vista	Mar-2013	$505,660	$0.53	$23,174	21.82	M-1	Yes	No
	Porterville, CA	Buyer	Immodo California 1 LLC						
	243-180-008	Seller:	Tevet						
	Listings								
1	Lemoore Industrial Park	Listing	Varies	$1.00	$43,560	1-100 Acres	M-1, M-2	Yes	Yes
	Lemoore, CA	Buyer	Listing						
	Numerous	Seller:	Listing						
2	Kings Industrial Park	Listing	Varies	$0.69-$1.15	$30,000-$50,000	1-100 Acres	HI	Yes	Yes
	Hanford, CA	Buyer	Listing						
	Numerous	Seller:	Listing						



Monmouth
Selma
Dinuba
Orosi
Sale 3
Sale 1
Sale 6
Woodlake
Lindcove
Listing 2
Hanford
Visalia
Lemoore
Exeter
Listing 1
Subject
Sale 4
Tulare
Lindsay
Sale 1
Corcoran
Porterville
Avenal
Sale 2
Sale 7
Colonel Allensworth State Historic Park
Delano
McFarland
Wasco
Sale 5
Shafter
Oildale
Rosedale
Bakersfield
Lamont

Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	**Rating – Factors**
Sale 1 - $39,829	Sl. Superior – Better located along Highway 99
Sale 2 - $46,584	Superior–smaller size, location at Hwy 99
Sale 3 - $40,471	Similar – Has off-sites, sale was under duress
Sale 4 - $30,007	Sl. Superior – Most comparable sale, no ditch, has off-sites
Sale 5 - $65,465	Superior – Has off-sites, smaller parcel, location at Hwy 99
Sale 6 - $25,000	Similar – Not in city limits, motivated buyer
Sale 7 - $23,174	Similar – Slightly inferior location, no ditch
Listing 1 - $43,560	Similar – Heavy industrial park listing in Lemoore
Listing 2 - $30,000 - $50,000	Similar – Heavy industrial park listing in Hanford

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sale 4 is the most similar to the subject property. It is located within the Kings Industrial Park and has off-sites. Sale 6 is located within Kings County but within the City of Hanford sphere of influence. The site is zoned for agriculture but planned urban reserve. The adjacent industrial user purchased the site for future expansion and paid the full asking price. Sale 7 is the most recent sale and includes two separate transactions of adjacent properties. The average sales price amounts to $23,174 per acre and the buyer is installing solar panels.

The subject site lacks off-sites, is larger than all of the comparable sales and is bisected by a ditch. The ditch creates access issues and limits the utility of the subject site. As a whole, the three parcel assemblage is valued at the low end of the range due to these conditions. Sales 4, 6 and 7 are the most similarly ranked. The value conclusion is bracketed by these sales. All factors considered a value of $25,000 per acre is reasonable for the three parcel assemblage. The value is calculated as follows:

109.89 Acres X $25,000/ Acre =	$2,747,250
Rounded =	**$2,750,000**

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of

any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

 North view on 10th Avenue	 East view across property
 North view of rail road	 West view of canal

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:
Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:
Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:
McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:
Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia and Tulare, CA

Law Firms:
Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA

AGENDA
STAFF REPORT

MEETING DATE: 10/14/2013	**AGENDA SECTION:** 2. A.

SUBJECT:
Adopt the resolution approving the sale of 110 Acres to Bel's Poultry.

RECOMMENDATION:
The Successor Agency recommends that the Oversight Board approve the attached Resolution through which the Oversight Board will approve a Purchase & Sale Agreement for the sale of 110 acres to Bel's Poultry.

BACKGROUND:

The Successor Agency has received an offer from Bel's Poultry for 110 acres of unimproved land formerly owned by the RDA. The subject property is identified on the attached plat map.

The terms negotiated by the Successor Agency and David Pitman of Bel's Poultry are set forth in the attached Purchase and Sale Agreement and Escrow Instructions (PSA). Mr. Pitman originally indicated that his family's corporation, Pitman Family Farms, would be the purchaser but later advised that the family's limited liability company, Bel's Poultry, will be the entity that purchases the property.

The following is a summary of the key deal points of the PSA:

- *Acres: 110+/- acres of unimproved land.*
- *Purchase Price: $2,750,000 ($25,000/acre).*
- *Deposit: $275,000 upon signature of the PSA.*
- *Close of Escrow: Thirty (30) days.*

In preparation of its Long-Range Property Management Plan, the Successor Agency had the property appraised by Simon Company, Inc. (Simon). A copy of the Simon appraisal, which identifies the property's value as $25,000/acre, is provided herewith.

Through the attached Resolution, the OB will also approve payment on a 2009 Shared Appreciation Secured Promissory Note (KEDC Note) held by the Kings Economic Development Corporation (KEDC). The KEDC Note is secured by a Deed of Trust (KEDC Deed of Trust). The purchaser is conditioning its purchase of the property on the removal of the KEDC Deed of Trust from the property's chain of title.

KEDC will, per the terms of the KEDC Note, reconvey the KEDC Deed of Trust (thereby removing it from Outlot A's chain of title) in exchange for $7,500/acre payment plus one-half (1/2) of the purchase price in excess of $15,000/acre, which equates to $7,500/acre plus $5,000/acre, for a total of $1,375,000. Payment will occur directly out of escrow at closing, which is consistent with standard industry practice for any lender holding a security interest in real property.

FISCAL IMPACT:

ATTACHMENTS:

Description

- Resolution
- Resolution Exhibits
- Appraisal Report

RESOLUTION NO. _______

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE TRANSFER OF 2.53 ACRES TO THE CITY OF HANFORD.

At a special meeting of the members of the Oversight Board ("Oversight Board") to the Successor Agency the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on October 14, 2013, at 9:00 a.m., and upon a motion by Member ___________ and seconded by Member _______________ and duly carried, the following resolution was adopted:

WHEREAS, the Community Redevelopment Agency of the City of Hanford (RDA) owned a 2.53 acre parcel ("the Property") within the Kings Industrial Park; and

WHEREAS, the Property is identified as Parcel 5 on the Record of Survey attached hereto as Exhibit "A"; and

WHEREAS, the RDA developed the Property as a public storm drainage basin for runoff from streets within the Kings Industrial Park; and

WHEREAS, the Property continues to be used for public storm drain purposes; and

WHEREAS, Health & Safety Code Section 34181 allows property used for a governmental purposes to be transferred to the City of Hanford (City); and

WHEREAS, the City is willing to accept the rights and duties associated with ownership of the Property, including the duty to maintain the Property as a public storm drainage basin at the City's cost.

.

NOW, THEREFORE, BE IT RESOLVED, that the Successor Agency is hereby authorized and directed to execute the Grant Deed attached hereto as Exhibit "B."

Passed and adopted at a special meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Hanford duly called and held on October 14, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

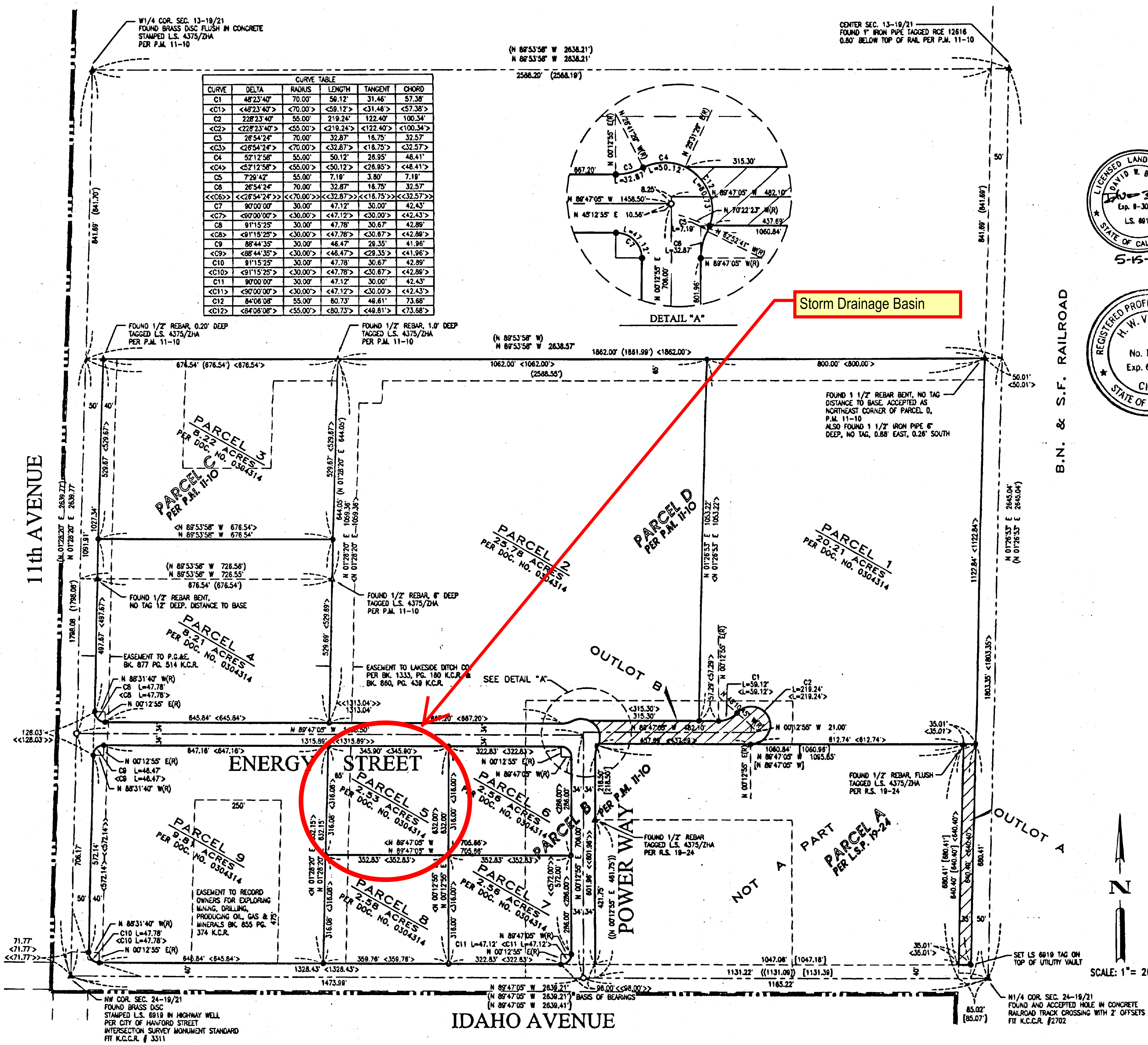
ABSENT:

____
MELONIE PATRICK
CITY CLERK
Oversight Board of the Successor Agency
to the Community Redevelopment Agency
of the City of Hanford

APPROVED:

____
JOHN LEHN
Chairperson of the Oversight Board of
The Successor Agency to the Community Redevelopment
Agency of the City of Hanford

EXHIBIT “A”



CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	TANGENT	CHORD
C1	48°23'40"	70.00'	59.12'	31.46'	57.38'
<C1>	<48°23'40">	<70.00'>	<59.12'>	<31.46'>	<57.38'>
C2	228°23'40"	55.00'	219.24'	122.40'	100.34'
<C2>	<228°23'40">	<55.00'>	<219.24'>	<122.40'>	<100.34'>
C3	26°54'24"	70.00'	32.87'	16.75'	32.57'
<C3>	<26°54'24">	<70.00'>	<32.87'>	<16.75'>	<32.57'>
C4	52°12'58"	55.00'	50.12'	26.95'	48.41'
<C4>	<52°12'58">	<55.00'>	<50.12'>	<26.95'>	<48.41'>
C5	7°29'42"	55.00'	7.19'	3.60'	7.19'
C6	26°54'24"	70.00'	32.87'	16.75'	32.57'
<<C6>>	<<26°54'24">>	<<70.00'>>	<<32.87'>>	<<16.75'>>	<<32.57'>>
C7	90°00'00"	30.00'	47.12'	30.00'	42.43'
<C7>	<90°00'00">	<30.00'>	<47.12'>	<30.00'>	<42.43'>
C8	91°15'25"	30.00'	47.78'	30.67'	42.89'
<C8>	<91°15'25">	<30.00'>	<47.78'>	<30.67'>	<42.89'>
C9	88°44'35"	30.00'	46.47'	29.35'	41.96'
<C9>	<88°44'35">	<30.00'>	<46.47'>	<29.35'>	<41.96'>
C10	91°15'25"	30.00'	47.78'	30.67'	42.89'
<C10>	<91°15'25">	<30.00'>	<47.78'>	<30.67'>	<42.89'>
C11	90°00'00"	30.00'	47.12'	30.00'	42.43'
<C11>	<90°00'00">	<30.00'>	<47.12'>	<30.00'>	<42.43'>
C12	84°06'08"	55.00'	80.73'	49.61'	73.68'
<C12>	<84°06'08">	<55.00'>	<80.73'>	<49.61'>	<73.68'>

RECORD OF SURVEY

APRIL, 2003

BEING A SURVEY OF PARCELS 1 THROUGH 9, OUTLOTS "A" AND "B" AND THE ADJOINING ENERGY STREET AND POWER WAY PER CITY OF HANFORD GRANT DEEDS RECORDED FEBRUARY 21, 2003 AS DOC. NO. 030413 AND DOC. NO. 030414, K.C.R., SITUATED IN A PORTION OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 19 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA.

LICENSED LAND SURVEYOR DAVID W. BERRY Exp. 9-30-05 L.S. 6919 STATE OF CALIFORNIA

5-15-03

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYORS' ACT AT THE REQUEST OF THE CITY OF HANFORD IN MAY, 2002

Dave Berry 5-15-03
DAVID W BERRY, L.S. 6919 DATE

REGISTERED PROFESSIONAL ENGINEER H. W. VERHEUL No. 16401 Exp. 6-30-05 CIVIL STATE OF CALIFORNIA

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8766 OF THE PROFESSIONAL LAND SURVEYORS' ACT THIS 16th DAY OF May, 2003

Harry W Verheul
HARRY W. VERHEUL, COUNTY SURVEYOR, RCE 16401 EXPIRES 6/30/05

RECORDER'S STATEMENT

DOCUMENT NO 0312881
FEE PAID Nil

FILED THIS 19TH DAY OF MAY, 2003 AT 10:38 A.M. IN VOLUME 19 OF LICENSED SURVEYORS' PLATS, AT PAGE 86 AT THE REQUEST OF QUAD KNOPF, INC.

GEORGE J. MISNER, COUNTY RECORDER

BY Michael C Hawkins
DEPUTY

BASIS OF BEARINGS

THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 13, T. 19 S., R. 21 E., M.D.B. & M., BEARS N 89°47'05" W AS SHOWN ON PARCEL MAP 11-10 OF KINGS COUNTY RECORDS.

LEGEND

- ▲ FOUND AND ACCEPTED AS DESCRIBED
- ● SET 3/4" I.P. TAGGED L.S. 6919, UNLESS NOTED OTHERWISE
- O SET 2" BRASS DISC STAMPED L.S. 6919 IN HIGHWAY WELL PER CITY OF HANFORD STREET INT. SURVEY MONUMENT DETAIL
- ( ) RECORD DATA PER PARCEL MAP NO. 11-10, K.C.R., OR CALCULATED THEREFROM
- (( )) RECORD DATA PER L.S.P. 16-32, K.C.R., OR CALCULATED THEREFROM
- [ ] RECORD DATA PER L.S.P. 19-24, K.C.R., OR CALCULATED THEREFROM
- < > RECORD DATA PER DOCUMENT RECORDED FEBRUARY 21, 2003 AS DOC. NO. 0304314, K.C.R., OR CALCULATED THEREFROM
- << >> RECORD DATA PER DOCUMENT RECORDED FEBRUARY 21, 2003 AS DOC. NO. 0304313, K.C.R., OR CALCULATED THEREFROM
- CITY LIMIT LINE

ALL DISTANCES ARE IN FEET AND DECIMALS THEREOF

Quad Knopf
5110 W. CYPRESS AVE.
P.O. BOX 3699
VISALIA, CA 93278
TEL: (559) 733-0440
FAX (559) 733-7821

SHEET 1 OF 1

L:\Projects\2000\00079\Acad\RECORD OF SURVEY\00079RS.dwg 05/15/2003 09:32:25 AM PST

11th Ave & Idaho Ave
Rec Cor 9 Parcels
507.161
1 of 1

EXHIBIT “B”

RECORDING REQUESTED)
BY AND WHEN RECORDED)
RETURN TO:)

City of Hanford)
Attn: City Clerk)
219 N. Douty)
Hanford, CA 93230)

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)
DOCUMENTARY TRANSFER TAX IS $ NONE
(Exempt per Gov. Code 6013)
____ unicorporated area _X_ City of Hanford
Parcel No. 018-242-071

☐ Computed on full value of property conveyed, or
☐ Computed on full value less liens & encumbrances remaining thereon at time of sale.

____
Signature of declarant or agent determining tax, firm name

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the City of Hanford, as Successor Agency to the Community Redevelopment Agency of the City of Hanford hereby

GRANT(S) to the City of Hanford, a municipal corporation, the following described real property in the County of Kings, State of California:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

The conveyance to the City of Hanford is subject to the following conditions:

1. The City of Hanford will maintain the property as a public storm drainage basin.

2. Should the property cease to serve as a public storm drainage basin or should the City of Hanford seek to sell the property, the property will be sold and the sales proceeds shall be distributed to the taxing agencies in the manner described in California Health & Safety Code Section 34188.

CITY OF HANFORD, AS SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD

Date: October _____, 2013

By: ______________________________
LOU MARTINEZ
Mayor

EXHIBIT "A"

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows:

Commencing at the Southwest corner of said Southwest quarter of Section 13;

Thence, North 01 °28'20" East, along the West line of said Southwest quarter, 71.77 feet;

Thence, at right angles, South 88°31 '40" East, 50.00 feet, to a point on the East right of way line of 11th Avenue;

Thence, North 01 °28'20" East, along said East right of way line, 572.14 feet, to the beginning of a tangent curve, concave Southeasterly, having a radius of 30.00 feet;

Thence, Northeasterly, along said 30.00 foot radius curve, through a central angle of 88°44'35", an arc distance of 46.47 feet;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter, 647.16 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 89°47'05" East, parallel with said South line, 345.90 feet;

Thence, at right angles, South 00°12'55" West, 316.00 feet;

Thence, at right angles, North 89°47'05" West, parallel with said South line, 352.83 feet;

Thence, North 01 °28'20" East, parallel with the West line of said Southwest quarter, 316.08 feet, to the TRUE POINT OF BEGINNING.

Parcel contains 2.53 acres

STATE OF CALIFORNIA))ss COUNTY OF KINGS)

On ___________________, before me, _____________________, a notary public, personally appeared LOU MARTINEZ, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.

(SEAL)

____

Notary Public

GRANT DEED CERTIFICATION

This is to certify that the interest in real property conveyed by the deed or grant dated October _____, 2013 from the City of Hanford, as Successor Agency to the Community Redevelopment Agency of the City of Hanford to the City of Hanford, a municipal corporation, is hereby accepted by the undersigned officer or agent on behalf of the City Council for the City of Hanford pursuant to authority conferred by resolution of the City Council adopted on October 1, 2013 and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF HANFORD, a municipal corporation

Date: October _____, 2013

By: ____________________________________
DARREL PYLE
City Manager

AGENDA
STAFF REPORT

MEETING DATE: 10/14/2013	**AGENDA SECTION:** 2. B.

SUBJECT:
Adopt the resolution approving the transfer of 2.53 acre storm drainage basin parcel to the City of Hanford.

RECOMMENDATION:

The Successor Agency recommends that the Oversight Board, by motion, adopt the attached Resolution .

BACKGROUND:

The RDA constructed a public storm drainage basin on a 2.53 acre parcel within the Kings Industrial Park. The basin receives storm water runoff from streets within in the Industrial Park. The location of the 2.53 acre parcel is identified on the Record of Survey attached to the proposed Resolution.

Health & Safety Code Section 34181 allows property used for a public purpose to be transferred to the City of Hanford.

The City is willing to accept the rights and duties associated with the ownership of the storm drainage basin located on the 2.53 acre parcel.

The Grant Deed attached to the resolution as Exhibit "B" will transfer ownership of the subject property to the City of Hanford. The Grant Deed contains the following conditions:

1. The City will maintain the property as a public storm drainage basin.
2. Should the property cease to serve as a public storm drainage basin or should the City seek to sell the property, the property will be sold and the sales proceeds shall be distributed by the City to the taxing agencies in the manner described in California Health & Safety Code Section 34188.

FISCAL IMPACT:

ATTACHMENTS:

Description

- Resolution
- Resolution Exhibits

RESOLUTION NO. _______

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS WITH TESSENDERLO KERLEY, INC.

At a special meeting of the members of the Oversight Board ("Oversight Board") to the Successor Agency the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on October 14, 2013, at 9:00 a.m., and upon a motion by Member ___________ and seconded by Member _______________ and duly carried, the following resolution was adopted:

WHEREAS, the Community Redevelopment Agency of the City of Hanford (RDA) owned land within the Kings Industrial Park;

WHEREAS, the RDA's land included a 0.51 acre parcel identified as Outlot A on the Record of Survey attached hereto as Exhibit "A"; and

WHEREAS, Tessenderlo Kerley, Inc., wishes to purchase Outlot A on the terms and conditions set forth in the Purchase and Sale Agreement and Escrow Instructions ("PSA") attached hereto as Exhibit "B," the terms of which are incorporated herein by reference; and

WHEREAS, the Successor Agency had the subject property appraised by Simon Company, Inc. (Simon) in August 2013; and

WHEREAS, Simon's appraisal identifies the value of the property at $15,000.00 per acre; and

WHEREAS, the basis of Simon's appraisal figure is the value of nearby land that is zoned Heavy Industrial; and

WHEREAS, the property consists of a 35 foot wide strip that connects Idaho Ave. to the southeast corner of TKI's existing property; and

WHEREAS, the property's limited size and narrow configuration prevent it from being used as a stand-alone property that could support activities allowed in the Heavy Industrial zone district; and

WHEREAS, TKI's legal counsel submitted a letter to the Successor Agency that justifies the $3,500.00 offer, a copy of which is attached hereto as Exhibit "C" and incorporated herein by reference; and

WHEREAS, Outlot A is subject to a Deed of Trust ("KEDC Deed of Trust") held by the Kings Economic Development Corporation ("KECD"), which secures a Shared Appreciation Secured Promissory Note dated December 28, 1999 ("KEDC Note"); and

WHEREAS, true and correct copies of the KEDC Note and KEDC Deed of Trust are attached hereto as Exhibit "D" and "E," respectively, and are incorporated herein by reference.

WHEREAS, TKI will require that the KEDC Deed of Trust be removed from Outlot A's chain of title as a condition of the close of escrow; and

WHEREAS, removal of the KEDC Deed of Trust from Outlot A's chain of title will be accomplished through KEDC's partial reconveyance of the Deed of Trust; and

WHEREAS, KEDC's partial reconveyance of the Deed of Trust is conditioned on its receipt of partial payment per the terms of the KEDC Note.

NOW, THEREFORE, BE IT RESOLVED, that the Successor Agency is hereby authorized and directed to execute the PSA attached hereto as Exhibit "B" and to carry out the terms of that document.

BE IT FURTHER RESOLVED, that the Successor Agency is further authorized and directed to execute all other documents required to complete the sale to TKI on the terms and conditions set forth in the PSA.

BE IT FURTHER RESOLVED, that the Successor Agency is authorized and directed to instruct the escrow holder, at the close of escrow, to make payment to KEDC in accordance with the KEDC

Note, which payment will occur in exchange for KEDC's partial reconveyance of the KEDC Deed of Trust.

Passed and adopted at a special meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Hanford duly called and held on October 14, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____

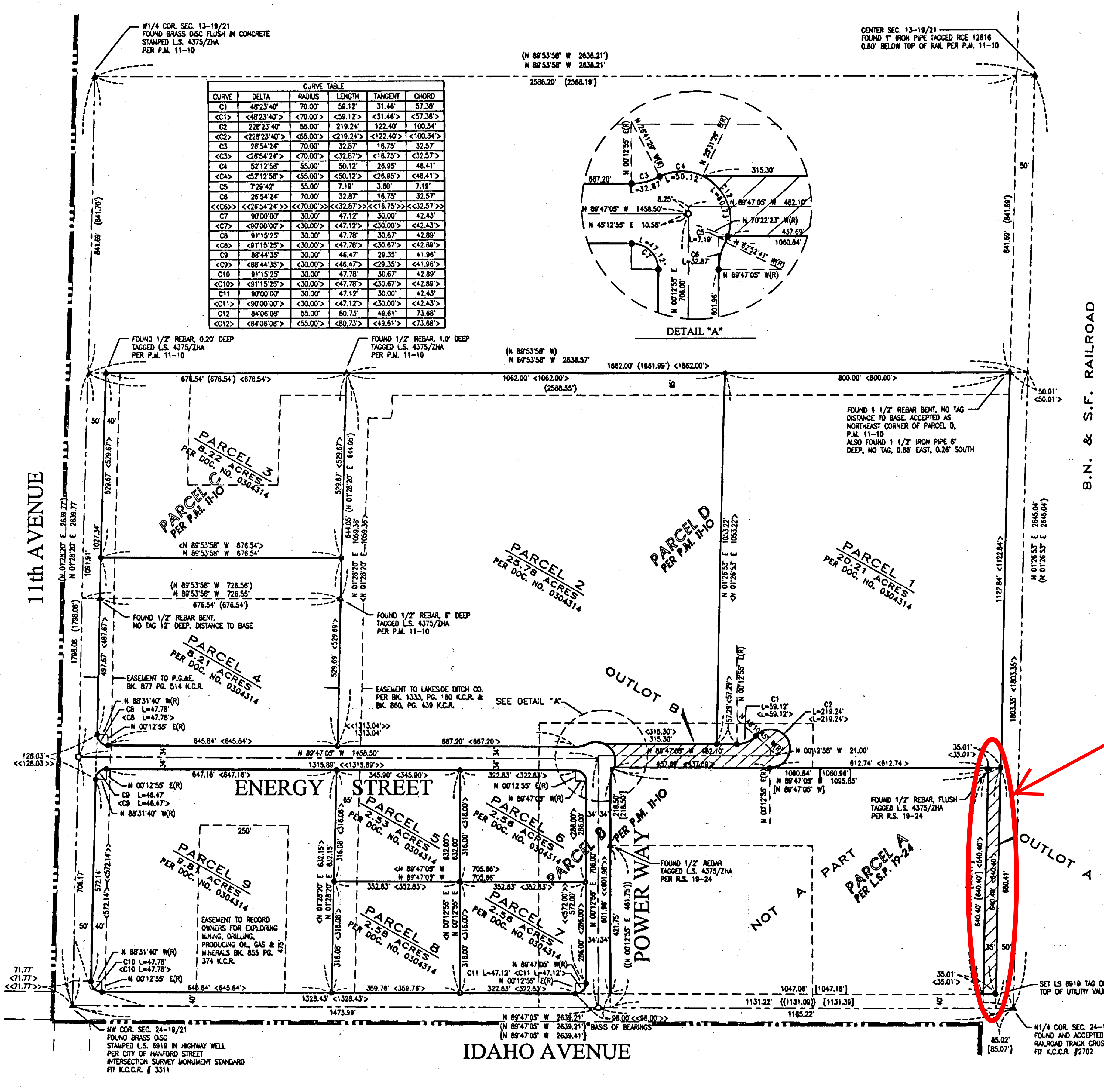
MELONIE PATRICK
CITY CLERK
Oversight Board of the Successor Agency
to the Community Redevelopment Agency
of the City of Hanford

APPROVED:

____

JOHN LEHN
Chairperson of the Oversight Board of
The Successor Agency to the Community Redevelopment
Agency of the City of Hanford

EXHIBIT “A”



CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	TANGENT	CHORD
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C5	7°29'42"	55.00'	7.19'	3.60'	7.19'
C6	26°54'24"	70.00'	32.87'	16.75'	32.57'
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C7	90°00'00"	30.00'	47.12'	30.00'	42.43'
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C9	88°44'35"	30.00'	46.47'	29.35'	41.96'
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C12	84°06'08"	55.00'	80.73'	49.61'	73.68'
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RECORD OF SURVEY

APRIL, 2003

BEING A SURVEY OF PARCELS 1 THROUGH 9, OUTLOTS "A" AND "B" AND THE ADJOINING ENERGY STREET AND POWER WAY PER CITY OF HANFORD GRANT DEEDS RECORDED FEBRUARY 21, 2003 AS DOC. NO. 030413 AND DOC. NO. 030414, K.C.R., SITUATED IN A PORTION OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 19 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE CITY OF HANFORD, COUNTY OF KINGS, STATE OF CALIFORNIA.

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYORS' ACT AT THE REQUEST OF THE CITY OF HANFORD IN MAY, 2002

Dave Berry 5-15-03

DAVID W BERRY, L.S. 6919 DATE

LICENSED LAND SURVEYOR DAVID W. BERRY Exp. 9-30-05 L.S. 6919 STATE OF CALIFORNIA

5-15-03

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8766 OF THE PROFESSIONAL LAND SURVEYORS' ACT THIS 16th DAY OF May, 2003

Harry W Verheul

HARRY W. VERHEUL, COUNTY SURVEYOR, RCE 16401 EXPIRES 6/30/05

REGISTERED PROFESSIONAL ENGINEER H. W. VERHEUL No. 16401 Exp. 6-30-05 CIVIL STATE OF CALIFORNIA

RECORDER'S STATEMENT

DOCUMENT NO 0312881
FEE PAID Nil

FILED THIS 19TH DAY OF MAY, 2003 AT 10:38 A.M. IN VOLUME 19 OF LICENSED SURVEYORS' PLATS, AT PAGE 86 AT THE REQUEST OF QUAD KNOPF, INC.

GEORGE J. MISNER, COUNTY RECORDER

BY Michael C Hawkins
DEPUTY

BASIS OF BEARINGS

THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 13, T. 19 S., R. 21 E., M.D.B. & M., BEARS N 89°47'05" W AS SHOWN ON PARCEL MAP 11-10 OF KINGS COUNTY RECORDS.

LEGEND

- ▲ FOUND AND ACCEPTED AS DESCRIBED
- ● SET 3/4" I.P. TAGGED L.S. 6919, UNLESS NOTED OTHERWISE
- ○ SET 2" BRASS DISC STAMPED L.S. 6919 IN HIGHWAY WELL PER CITY OF HANFORD STREET INT. SURVEY MONUMENT DETAIL
- ( ) RECORD DATA PER PARCEL MAP NO. 11-10, K.C.R., OR CALCULATED THEREFROM
- (( )) RECORD DATA PER L.S.P. 16-32, K.C.R., OR CALCULATED THEREFROM
- [ ] RECORD DATA PER L.S.P. 19-24, K.C.R., OR CALCULATED THEREFROM
- < > RECORD DATA PER DOCUMENT RECORDED FEBRUARY 21, 2003 AS DOC. NO. 0304314, K.C.R., OR CALCULATED THEREFROM
- << >> RECORD DATA PER DOCUMENT RECORDED FEBRUARY 21, 2003 AS DOC. NO. 0304313, K.C.R., OR CALCULATED THEREFROM
- — • • • — CITY LIMIT LINE

ALL DISTANCES ARE IN FEET AND DECIMALS THEREOF

Quad Knopf
5110 W. CYPRESS AVE.
P.O. BOX 3699
VISALIA, CA 93278
TEL: (559) 733-0440
FAX: (559) 733-7821

SHEET 1 OF 1

L:\Projects\2000\00079\Acad\RECORD OF SURVEY\00079RS.dwg 05/15/2003 09:32:25 AM PST

EXHIBIT “B”

PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("**Agreement**") is made and entered into this ____ day of ___________________, 2013 ("**Effective Date**"), by and between THE CITY OF HANFORD, as Successor Agency to the Community Redevelopment Agency of the City of Hanford ("**Seller**"), and TESSENDERLO KERLEY, INC., a Delaware corporation ("**Buyer**"). Seller and Buyer are sometimes collectively referred to herein as the "**Parties**" and singularly as a "**Party.**" This Agreement is made with reference to the following facts:

RECITALS

A. Seller possesses the authority to sell that certain real property located in Hanford, Kings County, California, consisting of approximately 0.51 acres, and more particularly described on <u>Exhibit "A,"</u> which is attached hereto and made a part hereof, together with all rights, privileges, easements and appurtenances thereto (collectively "**Real Property**").

B. Seller wishes to sell and Buyer wishes to purchase the Real Property from Seller, in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. <u>Purchase and Sale</u>. Subject to all of the terms, conditions and provisions of this Agreement and for the consideration set forth herein, Seller agrees to sell to Buyer and Buyer agrees to buy at the Closing, as defined in this Agreement, the Real Property. The sale and purchase of the Real Property shall be consummated by means of an escrow ("**Escrow**") opened at the offices of FIRST AMERICAN TITLE COMPANY ("**Escrow Holder**") located at 7625 N. Palm Ave., Fresno, California. This Agreement shall constitute the instructions for the Escrow upon acceptance by Escrow Holder. The Parties shall also execute such additional escrow instructions as may be required by the Escrow Holder, but the same shall be consistent with this Agreement and not modify the terms hereof unless specifically approved by the Parties, such approval to be given or withheld in their sole discretion.

2. <u>Purchase Price</u>. The purchase price for the Real Property shall be Three Thousand, Five Hundred and No/100 Dollars ($3,500.00) ("**Purchase Price**"). The Purchase Price shall be paid in full on the Closing Date, as defined below in <u>Section 23</u> of this Agreement.

3. <u>Payment of Purchase Price</u>. The Purchase Price shall be paid as follows:

(a) Upon execution of this Agreement hereof by both Parties, Buyer shall deposit Five Hundred Dollars ($500.00) ("**Deposit**") with Escrow Holder.

(b) At least one (1) day before the Closing, Buyer shall deposit the balance of the

Purchase Price with Escrow Holder, in cash, by wire transfer or other immediately available funds.

4. Liquidated Damages.

LIQUIDATED DAMAGES UPON BUYER'S DEFAULT. IF THE ESCROW FAILS TO CLOSE BY THE SCHEDULED CLOSING DATE SET FORTH IN SECTION 23 OF THIS AGREEMENT AS A RESULT OF BUYER'S DEFAULT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, THE DEPOSIT AND INTEREST ACCRUED THEREON SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY OR OTHERWISE. RETENTION OF SUCH FUNDS BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS THAT PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE REAL PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE THAT WOULD RESULT TO SELLER AS A RESULT OF SUCH FAILURE WOULD BE EXTREMELY DIFFICULT TO ESTABLISH. IN ADDITION, BUYER DESIRES TO LIMIT ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT THIS TRANSACTION SHALL FAIL TO CLOSE. BY SEPARATELY INITIALING BELOW, THE PARTIES HEREBY ACKNOWLEDGE THEIR AGREEMENT CONCERNING LIQUIDATED DAMAGES:

____________ ____________
Buyer Initials Seller Initials

5. Possession. Seller shall deliver possession of the Real Property to Buyer at the Closing.

6. Condition of Title to Real Property. Seller shall convey fee title to the Real Property to Buyer, subject only to those encumbrances, contracts, agreements, rights, easements, rights of way, and mineral leases, rights and reservations as set forth in a preliminary report of title to the Real Property to be prepared by Escrow Holder ("**Title Report**") promptly after the opening of the Escrow. Upon receipt of the Title Report, and each document shown as an exception or encumbrance in the Title Report, Buyer shall have thirty (30) days within which to notify Seller and Escrow Holder in writing of any exceptions to title shown therein that Buyer disapproves ("**Objectionable Exceptions**") plus any endorsements to title Buyer requires for the subject title policy. If Buyer notifies Seller and Escrow Holder of one or more Objectionable Exceptions, Seller shall have thirty (30) days from receipt of such written notice to (i) remove the Objectionable Exception(s), or (ii) refuse to remove the Objectionable Exception(s), in which case Buyer may elect to waive its objection(s) and consummate this transaction, or terminate this Agreement and receive a refund of the Deposit and accrued interest, whereupon neither Party shall have any further obligation to sell or purchase the Real Property. Buyer's failure to provide Seller and Escrow Holder with written notice of Objectionable Exceptions within said thirty (30) day period shall constitute Buyer's approval of the Title Report and all exceptions shown therein (collectively "**Permitted Exceptions**"). After Buyer's approval of the Title Report, Seller shall not allow, cause, or permit any additional exceptions to the condition of title to occur without Buyer's approval, other than ongoing real property taxes and assessments already of record.

7. <u>Title Insurance</u>. At the Closing, and as a condition to Buyer's obligation to purchase and Seller's obligation to sell the Real Property, Escrow Holder shall commit to issue its CLTA Owner's Policy of Title Insurance and Buyer's requested endorsements (provided, however, Buyer may elect to obtain ALTA extended coverage if Buyer so notifies Escrow Holder prior to the Closing and such election does not delay the close of Escrow) showing title to the Real Property vested in Buyer, subject only to the Permitted Exceptions as determined in accordance with <u>Section 6</u> of this Agreement (the "**Title Policy**"). The premium for the Title Policy shall be paid as set forth in <u>Section 22</u> of this Agreement, provided that if Buyer elects to obtain an extended coverage ALTA Owner's Title Policy, it shall pay the difference in premium and other costs for ALTA versus CLTA coverage.

8. <u>Feasibility Period</u>.

(a) During the period commencing on the Effective Date, and terminating at 5:00 p.m. on the day before the Closing Date ("**Feasibility Period**"), Buyer shall undertake, at Buyer's expense, including (but not limited to): (i) an inspection of the Real Property; (ii) a review of the physical condition of the Real Property, including (but not limited to), inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Real Property; and (iii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances and law affecting the Real Property. Seller shall reasonably cooperate with Buyer and Buyer's agents in providing documents and access to the Real Property relevant to Buyer's inspection.

(b) If Buyer, in its sole and absolute discretion, and for any reason, approves all, or disapproves the results of any aspect of Buyer's inspection and review, Buyer shall give, prior to 5:00 p.m. on the last day of the Feasibility Period, either (i) its notice of approval, or (ii) its notice of disapproval and termination of this Agreement. If the transaction is disapproved or deemed disapproved, all parties hereto shall be relieved of all further obligations or liabilities hereunder except as is otherwise specifically provided in this <u>subparagraph 8(b)</u> and in <u>subparagraph 8(c) immediately following</u>. If Buyer fails to notify Seller properly and timely of Buyer's approval of this transaction as provided in this <u>subparagraph 8(b)</u>, Buyer shall be deemed to be dissatisfied with the results of the inspection and shall be deemed to have disapproved and terminated this Agreement pursuant to this <u>subparagraph 8(b)</u>. If Escrow terminates pursuant to this <u>subparagraph 8(b)</u>, Buyer will provide to Seller at no charge, upon cancellation of Escrow, all reports and material regarding the Real Property that Buyer generates or are generated on Buyer's behalf.

(c) Buyer shall, prior to Closing, indemnify, defend and hold Seller and Seller's officials, officers, employees, representatives and agents and the Real Property harmless from and against any and all loss, cost, damage, expense, claim or liability, including personal injury, loss of life and/or property damage incurred by: (i) Buyer or Buyer's officials, officers, employees, representatives and agents as a result of the condition of the Real Property; or (ii) by any person or entity as a result of the acts or omissions of Buyer or its representatives, employees, contractors, or agents in performing any inspection and/or testing activity on or about the Real Property (provided however, the indemnity of this subsection (c)(ii) shall not apply to any pre-existing environmental condition unless the willful, intentional, or negligent act of Buyer makes the pre-existing condition worse). Buyer shall promptly pay all costs, fees and expenses incurred as a result of or associated with such inspection work done or caused to be done on the Real Property as permitted by this Section 8. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Buyer, during the Feasibility Period and at its own expense, shall maintain: (1) public liability insurance with liability amounts not less than One Million Dollars ($1,000,000.00) for the injury or death of one person and One Million Dollars ($1,000,000.00) for the injury and death of more than one person in any one incident; and (2) property damage insurance in the amount of One Million Dollars ($1,000,000.00). All such insurance shall be carried with competent and reliable insurance companies, reasonably satisfactory to Seller. Buyer's insurance coverage shall be primary with respect to any coverage that may be maintained by Seller. Buyer shall cause its insurers to waive all rights of subrogation against Seller and its elected and appointed officers, officials, employees, agents, and volunteers and each of them. On the Effective Date, Buyer shall furnish to Seller a certificate or certificates of insurance and endorsements from said companies confirming the requirements set forth herein and stating that said insurance is in full force and effect, that the premiums have been paid thereon, and that each insurance company will give Seller at least thirty (30) days prior written notice of any termination, cancellation or modification of the terms of said insurance. Seller and its elected and appointed officers, officials, employees, agents, and volunteers, and each of them, shall be named as additional insureds on the above mentioned policies.

9. Condition of Property. Except for representations made in writing by the Seller prior to the Closing Date:

(a) Buyer expressly acknowledges that Buyer is buying the Real Property in an "AS IS AND WHERE AS" condition, and that it has not relied on any warranties, promises, understandings or representations, express or implied, of Seller or any employee, agent or representative of Seller, or any document relating to the Real Property, except as are specifically set forth in this Agreement. Buyer acknowledges that any and all feasibility or market reports, environmental assessments, engineering studies and other information of any type that Buyer has received or may receive from Seller or its agents are furnished on the express condition that Buyer shall make an independent verification of the accuracy of any and all such information, all such information being furnished without any warranty whatsoever.

(b) Buyer acknowledges and agrees that neither Seller nor any employee, agent or representative of Seller has made any representation or warranty to Buyer concerning the Real Property, including, without limitation, the suitability of the Real Property for Buyer's intended use or its compliance with any statutes, ordinances, rules or regulations. Buyer shall perform and rely solely upon its own independent investigation concerning the Real Property and the Real Property's compliance with any applicable law. Buyer acknowledges that it is acquiring the Real Property subject to all existing laws, ordinances, rules and regulations, and that neither Seller nor any of Seller's representatives, agents or employees have made any warranties, representations or statements regarding any laws, ordinances, rules and regulations of any governmental or quasi-governmental body, entity, district or agency having authority with respect to the use, condition or occupancy of the Real Property.

(c) Buyer shall perform and rely solely upon its own investigation concerning Buyer's intended use of the Real Property, the Real Property's fitness therefore, and the permissibility of such intended use under applicable statutes, ordinances, rules and regulations.

(d) Except as expressly set forth in this Agreement, from and after the Closing, Buyer will indemnify, defend, and will hold Seller harmless and hereby waives, releases, remises, acquits and forever discharges Seller, its elected and appointed officials, officers, employees, and agents, and their respective heirs, successors, personal representatives and assigns, of and from any and all suits, causes of action, legal, equitable or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys fees and expenses of whatever kind and nature, in law or in equity, known or unknown, arising out of or in any way connected with, directly or indirectly, or based upon or arising out of the condition, status, quality, nature or environmental state of the Real Property; provided however, such duty to indemnify, defend, and hold Seller harmless shall not apply with respect to Seller's gross negligence or intentional misconduct. It is the intention of this Agreement that, except for Seller's gross negligence and intentional misconduct and except as otherwise expressly set forth herein, any and all responsibilities and obligations of Seller to Buyer, and any and all rights or claims of Buyer, its successors and assigns and affiliated entities, with respect to, or as against Seller arising by virtue of, the physical or environmental condition of the Real Property are by this release provision declared to be, from and after Closing, null and void and of no present or future effect as to such parties. With respect to the matters released by Buyer pursuant to this Section 9, Buyer waives the benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

10. **Existing Surveys and Reports.** Within ten (10) days after Seller's execution of this Agreement, Seller shall furnish Buyer with copies of all existing surveys, soil reports, engineering studies, environmental audits or reports, site plans, and other information in Seller's possession pertaining to the Real Property.

11. **Covenants, Warranties and Representations of Seller.** Seller hereby makes the following covenants, representations and warranties:

(a) Except as otherwise disclosed herein, Seller's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Seller.

(b) Seller is not a "foreign person" as defined in Section 1445(f) of the Internal Revenue Code of 1986, as amended. At the Closing, Seller shall provide Buyer Affidavits of Non-Foreign Status made under penalty of perjury, if required by Escrow Holder.

(c) Except as otherwise disclosed herein, there are no liens on title or actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or to the best of Seller's knowledge, threatened against Seller, or the Real Property, and relating to or arising out of the ownership, management, or operation of the Real Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(d) Seller has not entered into any leasehold agreements with third parties to this Agreement that would convey a tenancy interest of any kind in the Real Property.

(e) Seller will not market the Real Property for sale or disposition to any other party while this Agreement is in effect.

(f) To Seller's current actual knowledge, the Real Property currently is in compliance in all respects with the rules, regulations, ordinances and laws of all governmental authorities having jurisdiction over the Real Property.

(g) Seller shall notify Buyer immediately if Seller becomes aware of any new information or material change concerning the Real Property that affects the representations and warranties of Seller under this Agreement.

(h) At Closing, Seller shall record a release of all easement, access or other similar rights in and to the Real Property that are controlled by Seller.

(i) The Real Property was owned by the Community Redevelopment Agency of the City of Hanford ("RDA"). Seller, as Successor Agency to the RDA, acquired control over the Real Property as a result of the RDA's dissolution pursuant to AB 1X 26. Per AB 1484, which served as clean-up legislation to AB 1X 26, Seller's disposal of the RDA's assets, including the Real Property, is subject to review and approval of the Oversight Board to the RDA's Successor Agency ("OB"), with the OB's approval subject to review and possible veto by the State Department of Finance.

12. <u>Covenants, Warranties and Representations of Buyer</u>. Buyer hereby makes the following covenants, representations and warranties:

(a) Buyer has the authority to enter into this Agreement, purchase the Real Property, and to otherwise perform as set forth herein. The person executing this Agreement on behalf of Buyer has the full legal authority and is duly authorized to sign this Agreement on behalf of Buyer and to bind Buyer to all of the terms and conditions of this Agreement.

(b) Buyer's execution of this Agreement and performance of its obligations hereunder will not violate any agreement, option, covenant, condition, obligation or undertaking of Buyer.

(c) There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of Buyer's knowledge, threatened against Buyer, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality seeking to challenge Buyer's ability to purchase the Real Property.

13. [Reserved]

14. Survival of Warranties. The satisfaction, truth, accuracy and completeness of each of the representations, warranties and covenants of Buyer and Seller contained in this Agreement, as of the date hereof and as of the Closing, shall constitute a condition precedent to the obligations of Seller and Buyer, respectively, hereunder. All representations, warranties, covenants, obligations, responsibilities and agreements set forth herein shall survive the Closing, and Seller and Buyer each agree to indemnify, defend and hold the other harmless from any claim, demand, liability, loss or cost (including without limitation, reasonable attorneys' fees and costs) which the other may sustain arising out of any breach of and provision of this Section 14.

15. Brokerage Commissions. Buyer and Seller each represents and warrants to the other that it has not engaged the services of any real estate broker, salesperson, agent or finder, nor done any other act nor made any statement, promise or undertaking which would result in the imposition of liability for the payment of any real estate brokerage commission, finder's fee or otherwise in connection with the transaction described in this Agreement. In the event that any person or entity perfects a claim for a brokerage commission, finder's fee or otherwise, based upon any agreement, statement or act, the Party through whom such person or entity makes such claim shall be responsible therefor and shall defend, indemnify and hold the other Party and the Real Property harmless from and against such claim and all loss, costs and expense associated therewith, including attorneys' fees.

16. Conditions Precedent to Seller's Obligations to Perform. Seller's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Buyer shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Buyer's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Buyer shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Approval of this Agreement by the OB and no veto of such approval by the State Department of Finance.

17. Conditions Precedent to Buyer's Obligations to Perform. Buyer's obligation to perform as set forth herein is hereby expressly conditioned on satisfaction of each and every one of the following conditions precedent:

(a) Seller shall have timely performed each of the acts to be performed by it hereunder.

(b) Each of Seller's representations and warranties set forth herein shall be true at the Closing as if affirmatively made at that time.

(c) Seller shall not have timely exercised any right set forth in this Agreement to cancel the Escrow or terminate this Agreement.

(d) Escrow Holder is committed to issue the Title Policy as set forth above in Section 7.

(e) Seller has satisfied all legal requirements for the sale of the Real Property in order to grant clear title to Buyer, subject to those conditions and Permitted Exceptions approved by Buyer.

18. Establishment of Escrow. Upon execution of this Agreement by the Parties, a duplicate original of this Agreement shall be deposited with Escrow Holder. The general provisions of Escrow Holder's escrow instructions shall not impose any additional obligations or liabilities on the parties. If any of the general provisions conflict with the provisions of this Agreement, the provisions of this Agreement shall control.

19. Deposits into Escrow. The Parties shall make the following deposits into Escrow at or prior to the Closing:

(a) Seller shall deposit an executed and acknowledged original grant deed conveying good and marketable title to the Real Property, subject to all Permitted Exceptions.

(b) Buyer shall deposit all funds when and as required hereby (including without limitation the Purchase Price, all amounts necessary to pay Buyer's share of the closing costs), and such other amounts as Buyer has agreed to pay under this Agreement, or as required by Escrow Holder, and a preliminary change of ownership report for Kings County.

(c) Both Parties shall execute and deliver such additional documents as Escrow Holder reasonably may deem necessary in order to effectuate the transaction set forth in this Agreement and to close the Escrow.

20. Prorations. Escrow Holder shall prorate the following items, as of the Closing, using a 365 day year: all real and personal property taxes and all other charges or assessments relating to the Real Property using the latest tax bills. Buyer shall pay any supplemental taxes assessed pursuant to Chapter 3.5 (Section 75) of the California Revenue and Taxation Code resulting from the sale of the Real Property to Buyer. Escrow Holder is not responsible for utility or insurance costs and premiums, all of which shall be prorated outside the Escrow by the Parties.

21. Title Insurance. At the Closing, Escrow Holder shall issue, effective as of that date, the Title Policy described in Section 6 of this Agreement.

22. **<u>Costs and Expenses</u>.** Closing costs shall be borne by the Parties as follows:

(a) The Title Policy premium shall be paid by Seller, except that any increase in the Title Policy premium associated with Buyer's acquisition of an ALTA policy or endorsements requested by Buyer shall be paid by Buyer; provided, however, that any endorsements which are requested by Buyer as an accommodation and at the request of Seller shall be paid by Seller;

(b) Documentary transfer taxes and costs of preparing and recording the Grant Deeds shall be paid by Buyer; and

(c) All Escrow fees shall be shared equally between Buyer and Seller.

All other costs of closing the Escrow, including, without limitation, filing fees, other recording fees and otherwise, shall be shared by the Parties equally. Each Party shall bear its own legal fees and costs. Buyer shall deposit additional funds into Escrow in an amount equal to its share of the closing costs as determined by Escrow Holder. Escrow Holder is hereby authorized to withhold Seller's share of the closing costs from funds otherwise distributable to Seller.

23. **<u>Closing Date</u>.** Unless otherwise extended by the Parties in writing or as specified herein, the closing of Escrow for the Real Property shall occur as soon as possible on or before the one hundredth (100th) day following the Effective Date, subject to the prior satisfaction (or waiver) of the conditions precedent to the Closing identified in <u>Sections 16 and 17</u> of this Agreement ("**Closing**"). The date on which Closing occurs is referred to herein as "**the Closing Date**." If the Escrow is not in a condition to close by the Closing Date, Escrow Holder, except as otherwise provided herein, shall cancel the Escrow upon receipt of written notice from either Party of such cancellation; provided, however, that if Escrow is not in a condition to close by the Closing Date due to the failure of only one Party to perform, and such failure to perform constitutes a default under this Agreement, and the other Party has fully performed all of the obligations required of it in order to close the Escrow, only the performing Party shall be entitled to provide Escrow Holder with written notice of cancellation. In the absence of any written notice of cancellation, Escrow Holder shall proceed to close the Escrow as soon as possible.

24. **<u>Procedure for Closing</u>.** Escrow Holder shall close the Escrow by doing the following:

(a) Pay from funds deposited by Buyer all claims, demands and liens necessary to place title to the Real Property in the condition set forth in <u>Section 6</u> of this Agreement;

(b) Pay Seller's share of the closing costs from funds otherwise distributable to Seller;

(c) Pay from funds deposited by Buyer (other than the Purchase Price), Buyer's share of closing costs;

(d) Prorate real and personal property taxes and all other charges or assessments as set forth in Section 20 of this Agreement;

(e) Record Seller's Grant Deed in the Official Records of Kings County and direct the County Recorder to affix the transfer tax after recording, return the recorded Grant Deed to Buyer with a conformed copy to Seller, and file Buyer's preliminary change of ownership report in Kings County, as appropriate; and

(f) Unless otherwise instructed by Seller, unilaterally deliver the remaining funds held in Escrow, less payments authorized hereunder to Seller by Escrow Holder's check.

25. **Failure to Close.** If Escrow shall fail to close as a result of Buyer's breach of any of its obligations hereunder, then, in accordance with the provisions of Section 4 hereinabove, upon demand of Seller, Escrow Holder shall terminate the Escrow, immediately deliver the Deposit, accrued interest on the Deposit, and all documents that Seller previously deposited into Escrow (collectively "**Seller's Documents**") to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Buyer for any cancellation charges. If the Escrow shall fail to close as a result of Seller's breach of any of its obligations hereunder, or upon Buyer's election to terminate in accordance with the provisions of this Agreement, then upon demand of Buyer, Escrow Holder shall terminate the Escrow, immediately cause to be delivered the Deposit and accrued interest to Buyer, deliver Seller's Documents to Seller, deliver Buyer's preliminary change of ownership report to Buyer, and charge Seller for any cancellation charges. If the Escrow fails to close through no fault of either Buyer or Seller, upon the demand of either Party, Escrow Holder shall return Buyer's preliminary change of ownership report to Buyer, return Seller's Documents to Seller, return the entire Deposit and accrued interest to Buyer, and cancel the Escrow, with all cancellation charges to be borne equally by Buyer and Seller.

26. **Attorneys' Fees.** Subject to Section 4 of this Agreement, in the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions of this Agreement, or in connection with the Real Property, the prevailing Party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including, but not limited to, taxable costs and reasonable attorneys' fees. Seller and Buyer agree that any such action shall be venued in Kings County, California or in the Federal District Court in Fresno, California.

27. **Indemnification of Escrow Holder.** Escrow Holder shall be indemnified and held harmless by Buyer and Seller against any and all costs, damages, attorneys' fees, expenses and liabilities which it incurs or sustains in connection with the Escrow, except for such items as may be caused by Escrow Holder's misconduct or negligence.

28. **Notice.** Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile or e-mail if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or five (5) business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the last address furnished for such purpose by the party to whom notice is directed and addressed as follows:

To Buyer:	Chief Executive Officer TESSENDERLO KERLEY, INC. 2255 N. 44th St., Ste. 300 Phoenix, AZ 85008-3279 P.O. Box 15627 Phoenix, AZ 85060-5627 FAX: (602) 889-8430
To Buyer's Legal Counsel:	Ronald P. Jones, Esq. Kahn, Soares & Conway, LLP 219 North Douty Street Hanford, CA 93230 FAX: (559) 584-3348
To Seller:	City Manager CITY OF HANFORD 319 N. Douty Street Hanford, CA 93230 FAX: (559) 585-2595)
To Seller's Legal Counsel:	Robert M. Dowd and Ty N. Mizote Griswold LaSalle Cobb Dowd & Gin LLP 111 East 7th Street Hanford, CA 93230 FAX: (559) 582-3106

29. Sole and Only Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding said matters. Except as is otherwise provided herein, each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promise shall be valid or binding.

30. Successors and Assigns.

(a) Buyer may assign its rights hereunder to an Affiliate of Buyer as long as such successor-in-interest confirms in writing that it shall be bound by the terms of this Agreement and Buyer guarantees in writing the Affiliate's performance hereunder.

(b) The term "**Affiliate**" means any person or entity directly or indirectly Controlling, Controlled by or under common Control with the person or entity to which such term applies. "**Control,**" as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies and decision-making of such person or entity, whether through the ownership of voting interests or by contract or otherwise, including, without limitation, the possession of direct or indirect equity or beneficial interests in at least ten percent (10%) of any entity, or voting control of any entity.

(c) The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. Subject, however, to Buyer's rights described in this Section 30, Buyer may not, without the Seller's consent, which consent shall not be unreasonably withheld, assign any duties or responsibilities to a third party as long as Buyer owns the Real Property; however, all duties and obligations of Buyer will run with the land and Buyer shall guarantee in writing the successors' and assigns' performance hereunder.

31. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement.

32. Waiver. A waiver of any breach of this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

33. Choice of Laws. This Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such law.

34. Headings. Headings at the beginning of each numbered Section of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement.

35. Survival. All of the provisions of this Agreement shall survive the Closing and shall remain binding upon the Parties.

36. Time. Time is of the essence, it being understood that each date set forth herein, particularly the Closing, and the obligations of the Parties to be satisfied by such dates have been the subject of specific negotiations by the Parties.

37. Counterparts. This Agreement may be signed by the Parties in different counterparts and the signature pages combined to create a document binding on all Parties.

38. Nondiscrimination and Non-segregation Provisions. The Buyer herein covenants by and for itself and its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease or sublease, transfer, use, occupancy, tenure, or enjoyment of the Real Property herein conveyed, nor shall Buyer or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number or use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Real Property herein conveyed. The foregoing covenants shall run with the land and shall be included in the deed transferring title of the Real Property to Buyer.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first hereinabove written.

“SELLER”

CITY OF HANFORD, as Successor Agency to the Community Redevelopment Agency of the City of Hanford

Dated: ____________________, 2013

By: ________________________________
____
____
Darrel Pyle, City Manager

“BUYER”

TESSENDERLO KERLEY, INC.,
a Delaware corporation

Dated: ____________________, 2013

By: ________________________________
__________________________ [name]
__________________________ [title]

Dated: ____________________, 2013

By: ________________________________
__________________________ [name]
__________________________ [title]

LEGAL DESCRIPTION

OUTLOT A

That portion of the Southwest quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Hanford, County of Kings, State of California, described as follows;

Commencing at the Southeast corner of said Southwest quarter of Section 13;

Thence, North 01°26'53" East, along the East line of said Southwest quarter, 1803.35 feet;

Thence, North 89°53'58" West, parallel with the North line of said Southwest quarter, 50.01 feet, more or less, to the Northeast corner of Parcel D of Parcel Map No. 11-10, Kings County Records;

Thence, South 01°26'53" West, along the East line of said Parcel D, 1122.84 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 01°26'53" West, along said East line, 640.40 feet, to the Southeast corner of said Parcel D, last said point also being situated on the North right of way line of Idaho Avenue;

Thence, North 89°47'05" West, along the South line of said Parcel D and said North right of way line, 35.01 feet, to the Southeast corner of Parcel A of map recorded in Volume 19 of Licensed Surveyors' Plats at Page 24, Kings County Records;

Thence, North 01°26'53" East, along the East line of said Parcel A and parallel with the East line of said Southwest quarter, 640.40 feet, to the Northeast corner of said Parcel A;

Thence, South 89°47'05" East, parallel with the South line of said Southwest quarter, 35.01 feet, to a point on the East line of said Parcel D and the TRUE POINT OF BEGINNING.

Outlot A contains 0.51 acres

EXHIBIT “C”

KAHN, SOARES & CONWAY, LLP

ATTORNEYS AT LAW

RONALD P. JONES
HANFORD OFFICE
rjones@kschanford.com

September 23, 2013

Hand Delivered

City of Hanford Oversight Board
c/o Ty Mizote, Esq.
Griswold, LaSalle, et al.
111 E. 7th Street
Hanford, CA 93230

Re: Acquisition of Industrial Park Outlet Parcel A by Tessenderlo Kerley, Inc.; APN: 018-242-073

Dear Mr. Mizote:

As you are aware, we represent Tessenderlo Kerley, Inc., a Delaware corporation ("**TKI**"). TKI is interested in the possibility of acquiring the 0.51 acres located immediately south of their existing property in Hanford's industrial park for a purchase price of $3,500.00. As discussed below, our client believes this is a fair value for the parcel.

We are aware of the appraisal report dated as of August 27, 2013, prepared by The Simon Company, Inc. for the City of Hanford's attorneys. In reviewing the appraisal, we note the following:

1. On page 1 with respect to the definition of "Objective of the Assignment, the approval states that the definition of "*use value*" is "the value of a property as it is currently used". The reality here is, there is no current use other than the parcel exists without any activity thereon whatsoever.

2. On page 12, the appraiser notes that the site is not of adequate size, as a stand-alone parcel, to support development, but could have utility for expansion or road access/easement for adjacent users. At this time the two other adjacent property owners, BNSF and GWF Power, apparently have no need for this particular parcel.

containing 20 or more acres each) does not create a rational relationship as to pricing for 0.51 acres. For example, one might pay $15,000 per acre for agricultural land if a party was buying five acres, or 10 acres or more, but there would be no agricultural purpose in buying a half-acre parcel at that price level. It would have limited or no functional use.

4 We believe the $15,000 valuation to be inaccurate. The parcel essentially has no working value to anybody and might be at best used for ingress and egress from Idaho Avenue, although the demand is small because it is neither necessary nor required for any of BNSF, GWF or TKI to be able to conduct business in the industrial park.

Given its location and size, and the fact that there is no real demand for such a parcel, it is believed that the value effectively does not exceed $1,500 per acre. However, acquisition of the parcel by TKI might provide some utility to TKI (although if TKI does not acquire the parcel it would not alter TKI's operational plans for its project in the industrial park). Consequently, TKI is willing to offer the City of Hanford a purchase price of $3,500 (which essentially is $7,000 per acre for land that cannot function on its own in any significant capacity).

Purchasing this land would remove all maintenance obligations from the City and provide a fair purchase price to the City.

The undersigned, on behalf of TKI, respectfully requests that the oversight board give fair consideration to the offer made by TKI for the purchase of this 0.51 acres. We look forward to an affirmative response to the possibility of acquiring the land as proposed.

Very truly yours,

KAHN, SOARES & CONWAY, LLP

Ronald P. Jones

RPJ/klw
cc: Brian Janes, TKI

RECEIVED
SEP 23 2013
GRISWOLD, La SALLE,
COBB, DOWD & GIN

EXHIBIT "D"

"This is to certify that this is a full, true and correct copy of the original." FIRST AMERICAN TITLE COMPANY

072199

SHARED APPRECIATION
SECURED PROMISSORY NOTE

$300,533.00

December 28, 1999
Hanford, California

FOR VALUE RECEIVED the undersigned, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD ("Maker") promises to pay in lawful money of the United States to KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, a California Non-Profit Public Benefit corporation ("Holder") or order, at Hanford, California, or such other location designated by Holder, the principal sum of Three Hundred Thousand Five Hundred Thirty-three Dollars ($300,533.00) with no interest thereon.

Maker and Holder acknowledge and agree that this Promissory Note represents a shared appreciation loan by Holder to Maker. The loan funds will be used by Maker to fund thirty-four percent (34%) of the purchase price of real property located in Hanford, California, purchased by Maker from Pirelli Tire, LLC, a Delaware limited liability company, for a total purchase price of Eight Hundred Eighty-three Thousand Nine Hundred Twenty-three Dollars ($883,923.00) ("Purchase Price"). The real property purchased by Maker ("Real Property") is more particularly described in the Shared Appreciation Deed of Trust of same date herewith and which secures Maker's performance under this Promissory Note ("Deed of Trust").

The principal balance of this Promissory Note shall be paid to Holder as portions of the Real Property is sold by Maker. Prior to the close of escrow for the sale of any portion of the Real Property, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold by Maker. In consideration of providing a partial reconveyance, Maker shall pay to Holder Three Thousand Ninety-five Dollars ($3,095.00) per acre ("Principal Installment") for each acre subject to Holder's partial reconveyance on the date of close of escrow for the sale of that portion of the Real Property. Payments of Principal Installments shall continue in this fashion until the sale of the last portion of the Real Property at which time the remaining principal balance of this Promissory Note shall be paid in full. Should Maker elect to transfer title to any portion of the Real Property for consideration other than cash, Holder shall remain entitled to payment of the Principal Installment for that portion of the Real Property transferred unless Holder elects to waive payment of such Principal Installment. Holder and Maker agree to perform their obligations under this Promissory Note and the Deed of Trust in good faith and to deal fairly with each other. Maker agrees that the sale or lease of any portion of the Real Property will be through an arms length transaction unless otherwise consented to by Holder.

Holder and Maker agree that the principal balance of this Promissory Note shall not accrue fixed rate interest but instead, Maker shall pay Holder contingent deferred interest ("CDI") which shall be calculated as follows. Should Maker sell any portion of the Real Property for a price in excess of Nine Thousand One Hundred and Three Dollars ($9,103.00) per acre, Holder shall receive on the date of close of escrow for the sale of that portion of the Real Property, an amount equal to thirty-four percent (34%) of that portion of the Purchase Price for that portion of the Real Property in excess of Nine Thousand One Hundred and Three Dollars ($9,103.00) per acre. For purposes of example only, should Maker sell an acre of the Real Property for Fifteen Thousand One Hundred and Three Dollars ($15,103.00) per acre, Fifteen Thousand One Hundred and Three Dollars ($15,103.00) per acre less Nine Thousand One Hundred and Three Dollars ($9,103.00) equals Six Thousand Dollars ($6,000.00). Holder would receive Two Thousand Forty Dollars ($2,040.00) of the Six Thousand Dollars ($6,000.00) as CDI and Maker would receive the remaining Three Thousand Nine Hundred and Sixty Dollars ($3,960.00). The CDI received by Holder will be in addition to the Principal Installment due upon the sale of that portion of the Real Property.

On the sale of the last portion of the Real Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a full reconveyance of the Deed of Trust. On the date of close of escrow for the sale of the last portion of the Real Property, Holder shall receive any remaining Principal Installments that may be due and were not waived by Holder plus any CDI Holder may be entitled to receive plus an amount equal to Three Thousand Ninety-five Dollars ($3,095.00) per acre for those portions of the Real Property that were used for the construction of streets, storm drainage basins and any other public improvements constructed by Maker. On the date of close of escrow for the sale of the last portion of the Real Property and the payment to Holder of all remaining Principal Installments and CDI, this Promissory Note shall terminate.

Maker shall have the right to prepay all or any part of the outstanding unpaid principal balance of this Promissory Note at any time without penalty. Should Maker prepay all or any portion of the outstanding principal balance of this Promissory Note before all of the Real Property is sold, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after the principal balance of this Promissory Note has been paid in full, Holder shall provide to the escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

In the event of Maker's failure to perform when due any obligation, covenant or agreement of this Promissory Note or the Deed of Trust which secures Maker's performance under this Promissory Note, Holder may accelerate this Promissory Note and demand immediate payment of all unpaid principal. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due to Holder from the sale of the remainder of the Real Property. However, prior to the close of escrow for the sale of any portion of the Real Property occurring after Holder's acceleration of payment under this Promissory Note, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust as to the portion of the Real Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due to Holder for the sale of that portion of the Real Property.

Should Maker default under any of the terms and conditions of this Promissory Note or the Deed of Trust securing Maker's performance hereunder, and an attorney is hired for collection, or if suit is filed hereon, Maker agrees to pay to Holder all reasonable costs of collection, including attorneys' fees. The amounts due Holder hereunder shall have equal priority with, and be secured by, the Deed of Trust securing this Promissory Note.

The breach by Maker of any term or condition of the Deed of Trust shall also constitute a material breach of this Promissory Note and as a result of such breach, the payment of principal shall be accelerated and shall become immediately due and payable.

Should Holder fail to perform when due any obligation, covenant or agreement it is required to perform under this Promissory Note, including, without limitation, providing any partial release of the Deed of Trust within the time period required under this Promissory Note, and Maker is not in breach of any provision of this Promissory Note or the Deed of Trust, Maker shall be relieved of all its obligations under this Promissory Note, including, without limitation, the payment to Holder of any Principal Installment or CDI until Holder completes its required performance.

In the event of any breach or default by Holder or Maker of their respective obligations under this Promissory Note, the non-defaulting party may maintain an action at law or in equity, including without limitation an action for damages or specific performance. Because the Real Property is unique and the amount thereof limited for sale to purchasers, irreparable harm could result if this Promissory Note was not strictly enforced. Therefore, the rights and obligations of the parties hereto may be enforced by a court of equity by a decree of specific performance and/or appropriate injunctive relief. Such remedies shall be cumulative and not exclusive and shall be in addition to all other remedies which any party may have under this Promissory Note or otherwise.

Holder and Maker acknowledge and agree that the relationship between Holder and Maker is one of lender and borrower and no other. Nothing contained in this Promissory Note or the Deed of Trust shall create or be construed as creating a partnership, joint venture or any other relationship other than lender and borrower.

Maker shall have the right to lease any portion of the Real Property ("Lease Property"). Should Maker elect to lease any portion of the Real Property, Maker shall pay to Holder on or before the date the lease term commences, a Principal Installment for each acre of Lease Property. In such event, the Deed of Trust shall remain a lien against title to the Real Property only to secure Maker's payment of any CDI due Holder upon the sale of the Lease Property. Holder agrees to subordinate the Deed of Trust to: (1) deeds of trust or other security instruments recorded against the Lease Property securing construction and permanent financing obtained by Maker or any lessee of the Lease Property for the development and improvement of the Lease Property; and (2) any lease of the Lease Property.

Should Maker sell the Lease Property, any CDI due Holder from the sale of the Lease Property shall be based upon the sale of the Lease Property as bare land without any on-site improvements ("Bare Land Price"). Maker and Holder shall have fifteen (15) days from the date of written notice from Maker to Holder advising Holder of Maker's election to sell the Lease Property to agree on the Bare Land Price. Should Maker and Holder fail to agree on the Bare Land Price within said fifteen (15) day period, Maker and Holder will have ten (10) days from the end of the fifteen (15) day period to attempt to agree on a single appraiser to appraise the

Lease Property and determine the Bare Land Price. Should Maker and Holder fail to agree on a single appraiser within the ten (10) day period, Maker and Holder shall have five (5) days to each select an appraiser to appraise the Lease Property and determine the Bare Land Price. If either Holder or Maker fails to select an appraiser within said five (5) day period, the appraiser selected by the other shall act as the sole appraiser to determine the Bare Land Price, Once selected, the appraiser or appraisers will have thirty (30) days to issue a final appraisal identifying the Bare Land Price. If the appraisers cannot agree on a Bare Land Price, they shall each provide an appraisal of the Bare Land Price. The Bare Land Price shown in each appraisal will be added together and divided by 2 and that number will constitute the Bare Land Price to be used to determine whether any CDI is owed to Holder. Prior to the close of escrow for the sale of the Lease Property, Holder shall provide to escrow holder, on or before the date of close of escrow, a partial reconveyance of the Deed of Trust for the Lease Property sold, subject to payment to Holder on the date of close of escrow of CDI, if any, due Holder for the sale of the Lease Property.

This Promissory Note shall be governed and construed in accordance with the laws of the State of California as those laws are applied to written contracts between residents of said jurisdiction to be performed within said jurisdiction.

Time is of the essence in the performance of the obligations of Maker under this Promissory Note.

All payments under this Promissory Note shall be made in lawful money of the United States of America to Kings County Economic Development Corporation, 1200 W. Lacey Blvd. Hanford, California 93230 or at such other address as Holder may designate in writing from time to time.

Any notices or other communication required or permitted under this Agreement shall be in writing, and shall be (a) personally delivered, or sent by certified or registered United States mail, postage prepaid, return receipt requested, to the address of the party set forth in this paragraph; or (b) telecopied to the Fax number of the party set forth below. Such notice or communication shall be deemed given when delivered in person, when the telecopy is received or, in the case of the mailed notice, at the time of deposit in the United States mail to the addresses shown below:

To Holder: Kings County Economic Development Corporation
1200 W. Lacey Blvd.
Hanford, California 93230
Fax # (559) 582-7908

With a copy to: K. Phillip Maroot,
MAROOT, HARDCASTLE & HATHERLEY
429 N. Redington
Hanford, California 93230
Fax # (559) 584-7625

To Maker: Community Redevelopment Agency
of the City of Hanford
315 N. Douty Street
Hanford, CA 93230
Attn: Jan Reynolds
Fax # (559) 582-1152

With a copy to: Michael J. Noland
KAHN, SOARES & CONWAY, LLP
P. O. Box 1376
Hanford, CA 93232
Fax #(559) 584-3348

Any party may designate a new address for notice by written notice to the other properly mailed or transmitted as herein provided.

Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in making any action to collect any amounts called for hereunder.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters set forth herein and contains all of the covenants and agreements between the parties regarding such matter. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or in writing, have been made by any party or anyone acting on behalf of any party which are not embodied in this Agreement and no other agreement, statement or promises shall be valid or binding.

No change, amendment or modification of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

This Promissory Note is secured by a Deed of Trust of same date herewith.

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF HANFORD

BY:________________________
Simon Lakritz, President

gb(sa)\4\4714.251\sec-prm2.nte

EXHIBIT “E”

0007923

3

RECORDING REQUESTED BY:

First American Title Company

WHEN RECORDED MAIL TO:

Kings County Economic Development Corp.

120 N. Irwin Street
Hanford, CA. 93230

attn: John Lehn

escrow no. 104717RB

RECORDED IN OFFICIAL RECORDS OF KINGS COUNTY, CALIFORNIA AT MIN PAST 11 A M
FIRST AMERICAN TITLE CO.
MAY 05 2000
GEORGE J. MISNER County Clerk and Recorder
FEE 20

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHARED APPRECIATION DEED OF TRUST WITH ASSIGNMENT OF RENTS

(This Deed of Trust contains an acceleration clause)

This DEED OF TRUST, made December 28, 1999, between

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD, herein called TRUSTOR,

whose address is 319 N. Douty Street (Number and Street) Hanford (City) California 93230 (State)

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and

KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION, herein called BENEFICIARY,

0007923

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the CITY OF HANFORD

County of Kings, State of California, described as:

SEE EXHIBIT "A", which is attached hereto and made a part hereof.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits, for the purpose of securing (1) payment of the sum of $300,533.00 with contingent deferred interest thereon according to the terms of a Shared Appreciation Promissory Note of same date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17,1964, and in all other counties August 18,1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely.

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	1-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	91	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

If the trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor

STATE OF CALIFORNIA } ss.
COUNTY OF Kings }

On December 28, 1999, before me, Karen McAlister, Notary Public personally appeared Simon Lakritz personally known to me (or 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.

WITNESS my hand and official seal.

Signature Karen McAlister

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD

BY: [signature]
Simon Lakritz, President

KAREN MC ALISTER
Commission # 1105850
Notary Public — California
Kings County
My Comm. Expires Jul 16, 2000

(This area for official notarial seal)

gb\4\4714 251\dedtrust

PARCEL 1:

Parcel B of Parcel Map, Document number 8811900 in the City of Hanford, filed August 26, 1988, in Book 11 at Page 10 of Parcel Maps in the Office of the County Recorder of Kings County, State of California, EXCEPTING THEREFROM THE FOLLOWING:

BEGINNING at the Southwest corner of Parcel A, as shown on that certain Parcel Map recorded in Book 11 at Page 10 of Parcel Maps, in the Office of the Kings County Recorder, State of California, said corner being 40.00 feet Northerly of the South line of the Southwest Quarter of Section 13, Township 19 South, Range 21 East, Mount Diablo Base and Meridian, thence North 89°47'05" West along a line 40.00 feet Northerly of and parallel with last said South line of said Southwest Quarter a distance of 205.75 feet, to a 1/2" rebar, 30" long, down 6", tagged LS 4375, thence North 00° 12'55" East, a distance of 421.75 feet to a 1/2" rebar, 30" long, down 6", tagged LS 4375; thence South 89°47'05" East, a distance of 205.75 feet to the Northwest corner of last said Parcel A, thence South 00°12'55" West, along the Westerly line of last said Parcel A, a distance of 421.75 feet to the Point of Beginning.

PARCEL 2:

Parcels C and D of Parcel Map, Document No. 8811990 in the City of Hanford, filed August 26, 1988, in Book 11 at Page 10 of Parcel Maps in the Office of the County Recorder of Kings County, State of California.

EXHIBIT "A"

APPRAISAL REPORT

0.51 ACRE INDUSTRIAL LOT, HANFORD CA

AS OF AUGUST 27, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

Serving the Central Valley for 20 years – 1992-2012

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 30, 2013
Subject Property:	0.51 Acre Industrial Lot, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	Asset value
Objective of the Assignment:	To develop an opinion of "Use Value." The definition of *use value* is "the value of a property as it is currently used, not its value considering alternative uses; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes; also known as value in use.
Effective Date of Value Opinion:	August 27, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$15,000

Table of Contents

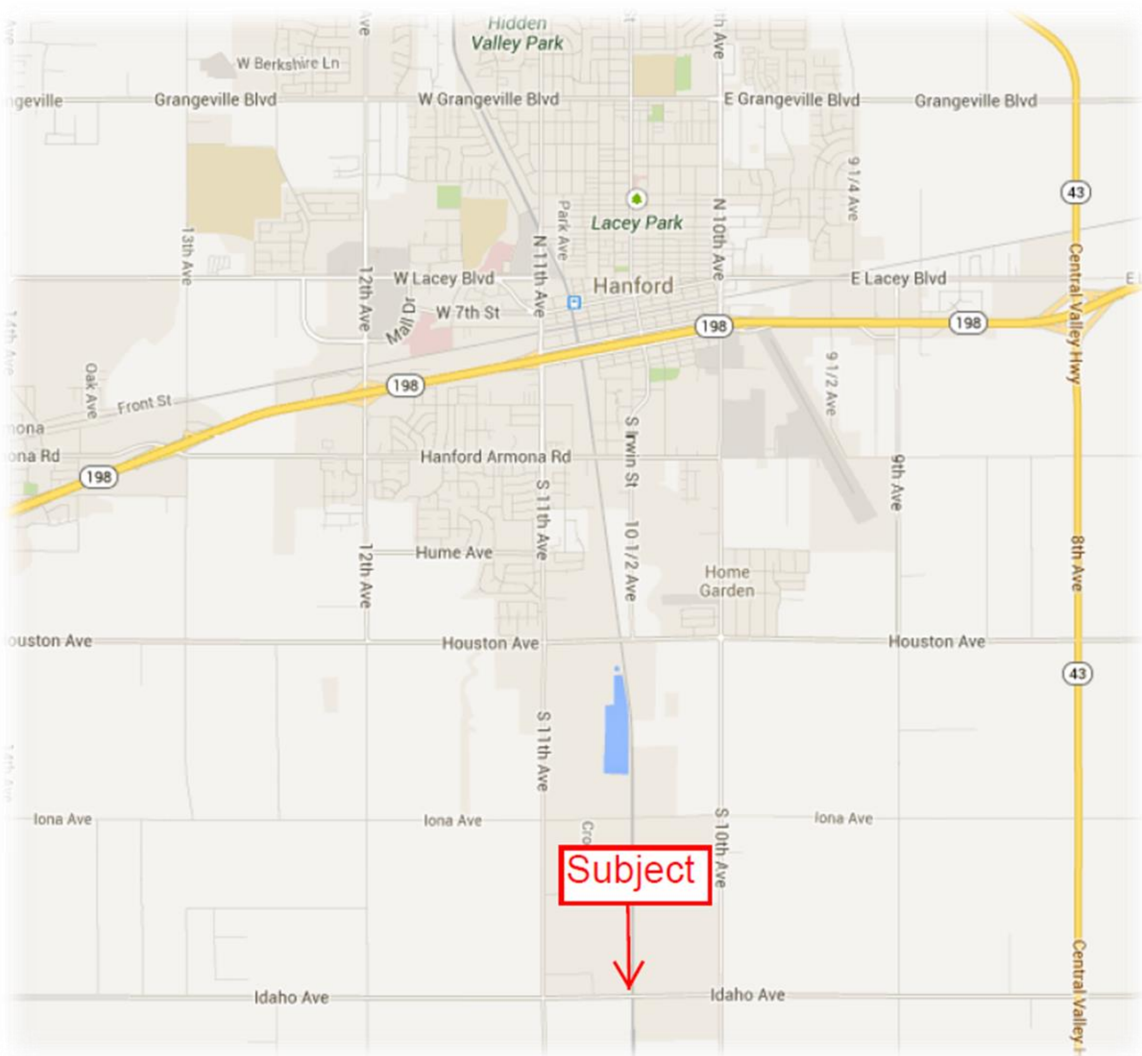
SCOPE OF WORK

- The subject site was viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value the subject.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

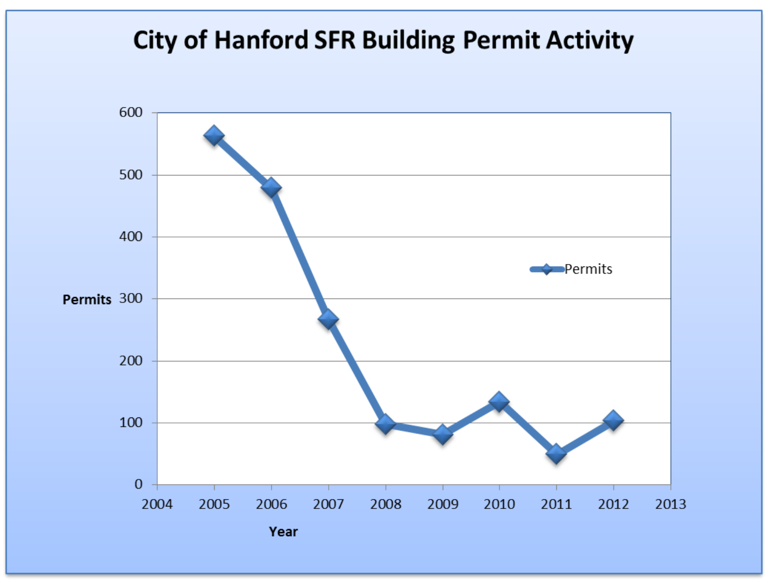
5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.



There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is $48,655.

By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in

2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

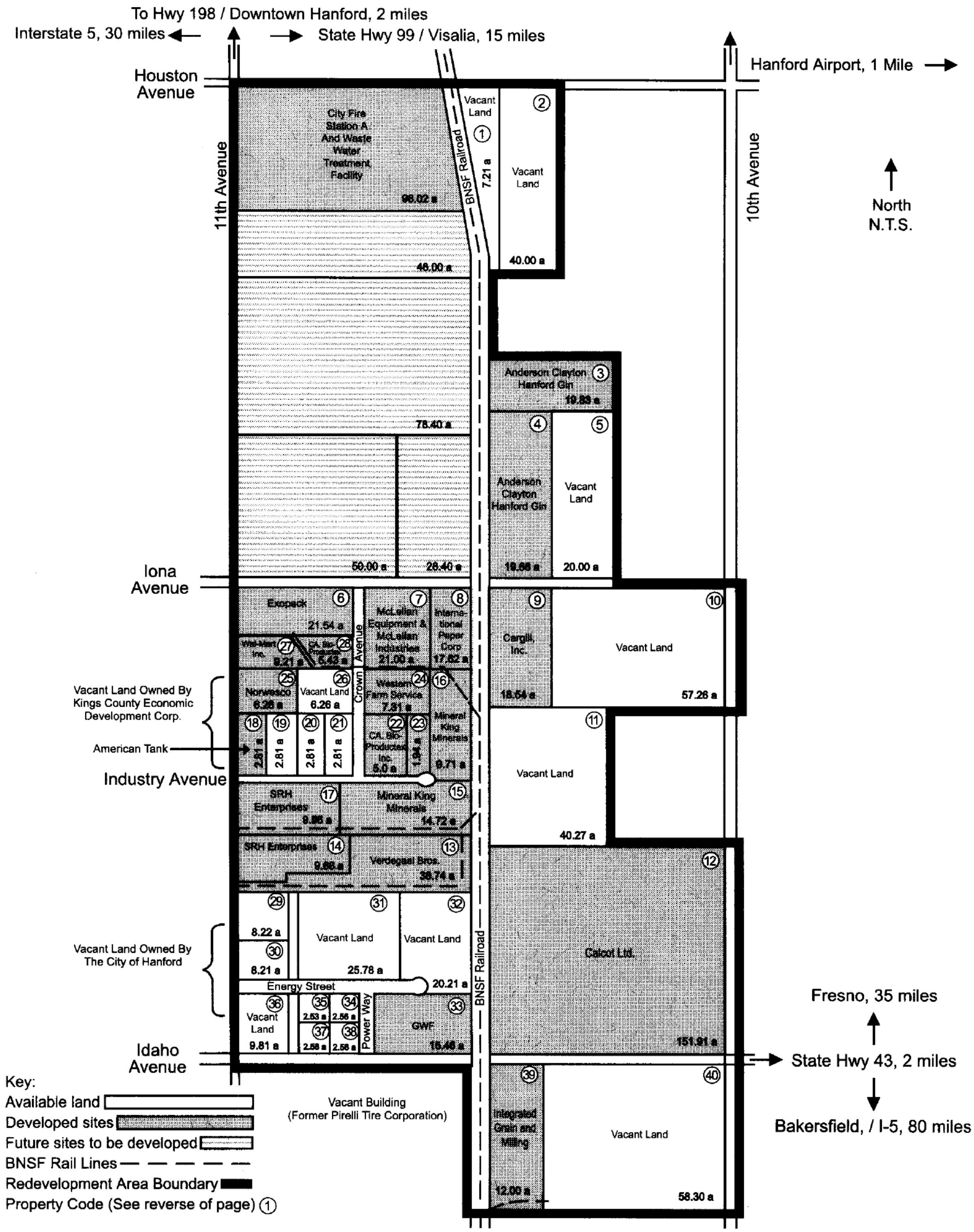
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

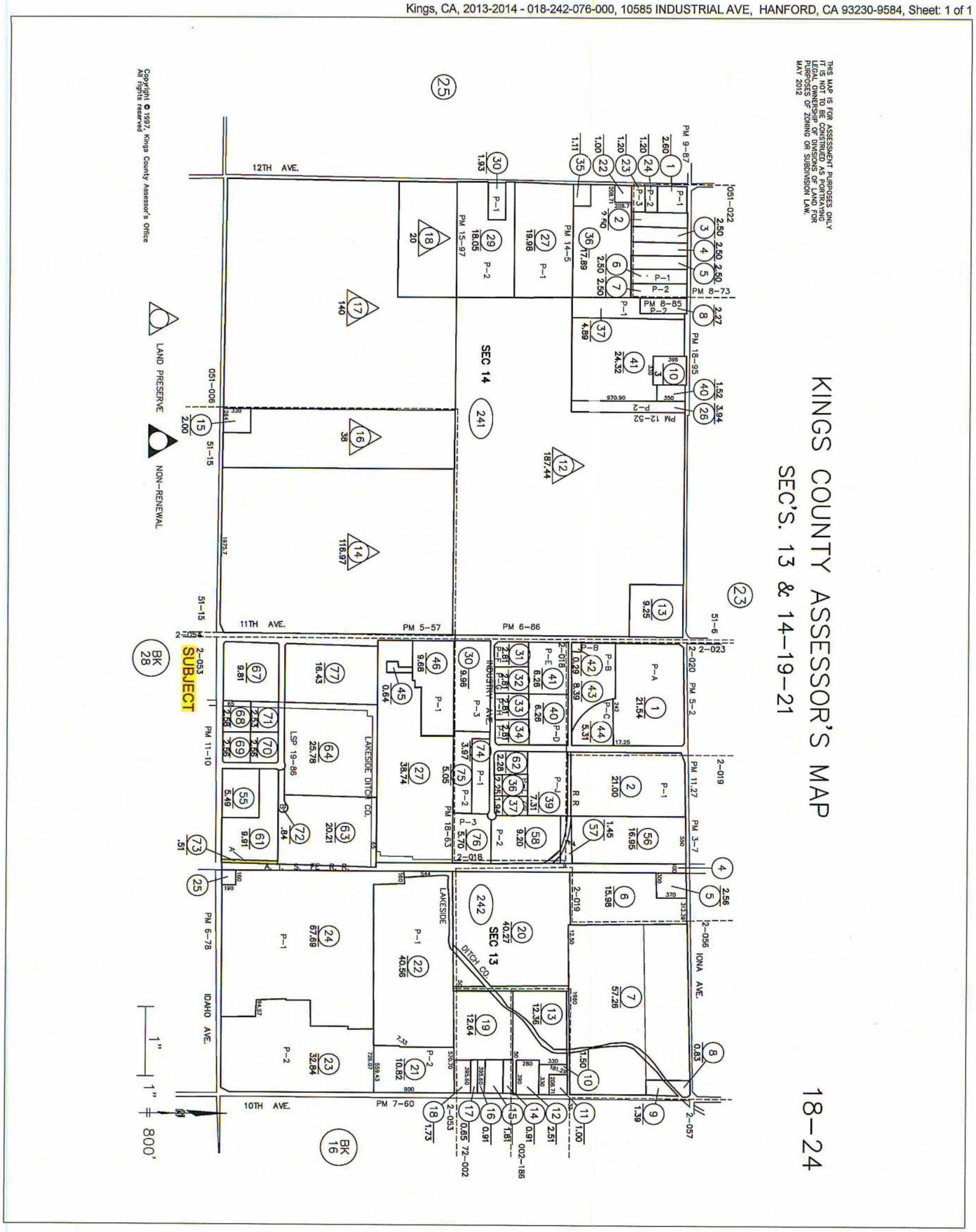
SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. There are no public records indicating a sale of the property in the prior three years. The site not currently in escrow nor is it listed for sale on the city website. The parcel is a small sliver adjacent to the railway.
Site:	see table below
Access:	The parcel has frontage on Idaho Avenue which is a two-lane asphalt paved roadway. The sites frontage has power lines which make access difficult but not impossible. The site is maintained by the city but is not improved with concrete curb or gutter. The BNSF Rail runs along the eastern line of the parcel in a north-south direction. Water and sewer are provided by the City of Hanford.

APN	018-242-073
Size	0.51
Zoning	HI
Idaho Frontage	30' est.
Rail Frontage	Yes
Off-sites	No
Plantings	None
Terrain	Near street grade; level
Well	None Noted

PARCEL MAP

Kings, CA, 2013-2014 - 018-242-076-000, 10585 INDUSTRIAL AVE, HANFORD, CA 93230-9584, Sheet: 1 of 1



VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is not of adequate size, as a stand-alone parcel to support development but could have utility for expansion or road access/easement for adjacent users. Consequently, the highest and best use is for expansion of surrounding site, or utility as an easement/access point.

VALUATION SUMMARY

No comparable sales could be found that were beneficial to the analysis of this parcel. The shape and size limit utility. The Idaho Avenue frontage could provide for an access roadway to parcels north of the Idaho which are currently owned by Tessenderlo Kurley Inc. The site could aslo have utility to the railway or adjacent user to the west. In this scenario the parcel could be valued something similar to the other parcels within the park at $30,000 per acre with some discount for the size and shape. Considering the one half acre size a value near $15,000 per acre would be a reasonable estimation of the value in use.

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the

appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

	
Idaho Avenue frontage	South view from north end of parcel

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:

Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:

Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:

McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:

Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia and Tulare, CA

Law Firms:

Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA

AGENDA
STAFF REPORT

MEETING DATE: 10/14/2013	AGENDA SECTION: 2. C.

SUBJECT:
Adopt the Resolution approving the Sale of 0.51 acres to Tessenderlo Kerley, Inc.

RECOMMENDATION:
The Successor Agency recommends that the Oversight Board, by motion, adopt the attached Resolution.

BACKGROUND:

In preparation of the Successor Agency's Long-Range Property Management Plan (LRPMP), the Agency's staff determined that one of the remaining RDA properties is comprised of a 0.51 acre parcel (APN 018-242-073). The property is a 35' wide rectangle, which, according to the City of Hanford's Public Works Department, was originally designed for access purposes, to wit: connection of the southeastern corner of the property currently owned by Tessenderlo Kerley, Inc. (TKI) to Idaho Ave. A map reflecting the location of the subject property is attached to the resolution as Exhibit "A."

The electrical peaker plant facility originally constructed by GWF is located on property directly west of the 0.51 acre parcel. The peaker plant is currently owned by Star West. The Successor Agency attempted to contact that company to determine whether it is interested in purchasing the subject property, but Star West failed to respond.

The Successor Agency also contacted TKI. In response, TKI offered $3,500.00 for the property.

The Successor Agency hired Simon Company, Inc. (Simon) to appraise the 0.51 acre parcel. A copy of Simon's appraisal is attached. The Appraisal Report identifies the property's value as $15,000, which is based upon the per-acre value of similarly-zoned properties.

The 0.51 acre property is zoned Heavy Industrial, but its usability is severely impacted by its small size and unusual configuration (only 35' wide). As noted above, the parcel was originally designed for access purposes and not as a stand-alone parcel that could be used for Heavy Industrial purposes. A copy of a letter from TKI's legal counsel explaining the basis for the $3,500.00 offer is attached to the resolution as Exhibit "C."

The following is a summary of the key deal points of the PSA:

- *Acres*: 0.51 acres of unimproved land.
- Purchase Price: $3,500.00.
- Initial Deposit: $500.00 upon signature of the PSA.

- *Close of Escrow*: Closing to occur on or before the 100th day following the parties' signature of the PSA.

It will be extremely difficult to market the subject property to other potential purchasers due to its significant limitations. Additional effort by the Successor Agency to further market the property will result in additional costs, which will reduce the amount that the property will generate for the taxing agencies.

Through the attached Resolution, the OB will also approve partial payment on a Shared Appreciation Secured Promissory Note (KEDC Note) held by the Kings Economic Development Corporation (KEDC). The KEDC Note is secured by a Deed of Trust (KEDC Deed of Trust). Copies of the KEDC Note and Deed of Trust are attached to the resolution as Exhibits "D" and "E," respectively. TKI is conditioning its purchase of Outlot A on the removal of the KEDC Deed of Trust from Outlot A's chain of title. KEDC will partially reconvey the KEDC Deed of Trust (thereby removing it from Outlot A's chain of title) in exchange for $3,095/acre payment per the terms of its Note. Payment will occur directly out of escrow at closing, which is consistent with standard industry practice for any lender holding a security interest in real property.

FISCAL IMPACT:

ATTACHMENTS:

Description

- Resolution
- Resolution Exhibits
- Appraisal Report