The City of Hanford

CALIFORNIA

RDA OVERSIGHT BOARD
ACTION SUMMARY MINUTES
April 10, 2014
Council Chambers - Civic Auditorium
400 N Douty St, Hanford CA 93230

<u>RDA Oversight Board- 1:30 PM</u>

ROLL CALL BY THE CITY CLERK:

Chairman John Lehn called the meeting to order at 1:30 p.m.

Present: Steve Corl, Tony Barba, John Lehn, Allison Picard, Melody Haigh, Christine Statton

Absent: Mike Cavanagh

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FLAG SALUTE:

Chairman Lehn led the flag salute.

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PUBLIC COMMENT:

There were no public comments.

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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. **<u>CONSENT CALENDAR:</u>**

   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.

2. **<u>PULLED FROM CONSENT TO THE REGULAR AGENDA:</u>**

3. **<u>NEW BUSINESS:</u>**

   A. City Clerk: Approval of the minutes from 2-26-2014 board meeting.

Motion to approve minutes by Board Member Barba/Board Member Corl. Motion passed. Ayes: Corl, Barba, Lehn, Picard, Statton. Abstain: Haigh.

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   B. City Clerk: Approval of the minutes from 1-30-2014 board meeting.

Motion to approve minutes by Board Member Barba/Board Member Corl. Motion passed. Ayes: Corl, Barba, Lehn, Picard, Statton. Abstain: Haigh.

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C. Ty Mizote, Successor Agency Attorney: Adopt resolution 14-04-OBR approving the Purchase and Sale Agreement and Escrow Instructions for the sale of 5.14 Acres of RDA property, located in the Kings Industrial Park, to Kings Mosquito Abatement District.

Motion to adopt Resolution 14-04-OBR by Board Member Picard/Board Member Barba. Motion passed. Ayes: Corl, Barba, Picard, Haigh, Statton. Abstain: Lehn.

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D. Ty N. Mizote, Successor Agency Attorney: Adopt Resolution 14-05-OBR, approving the Kings Economic Development Corporation Marketing Agreement.

Motion to adopt Resolution 14-05-OBR by Board Member Picard/Board Member Statton. Motion passed. Ayes: Corl, Barba, Picard, Haigh, Statton. Abstain: Lehn.

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ADJOURNMENT:

The meeting was adjourned at 1:50 p.m.

Respectfully submitted,

Jennifer Gomez
City Clerk

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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:
Public Comment

RECOMMENDATION:

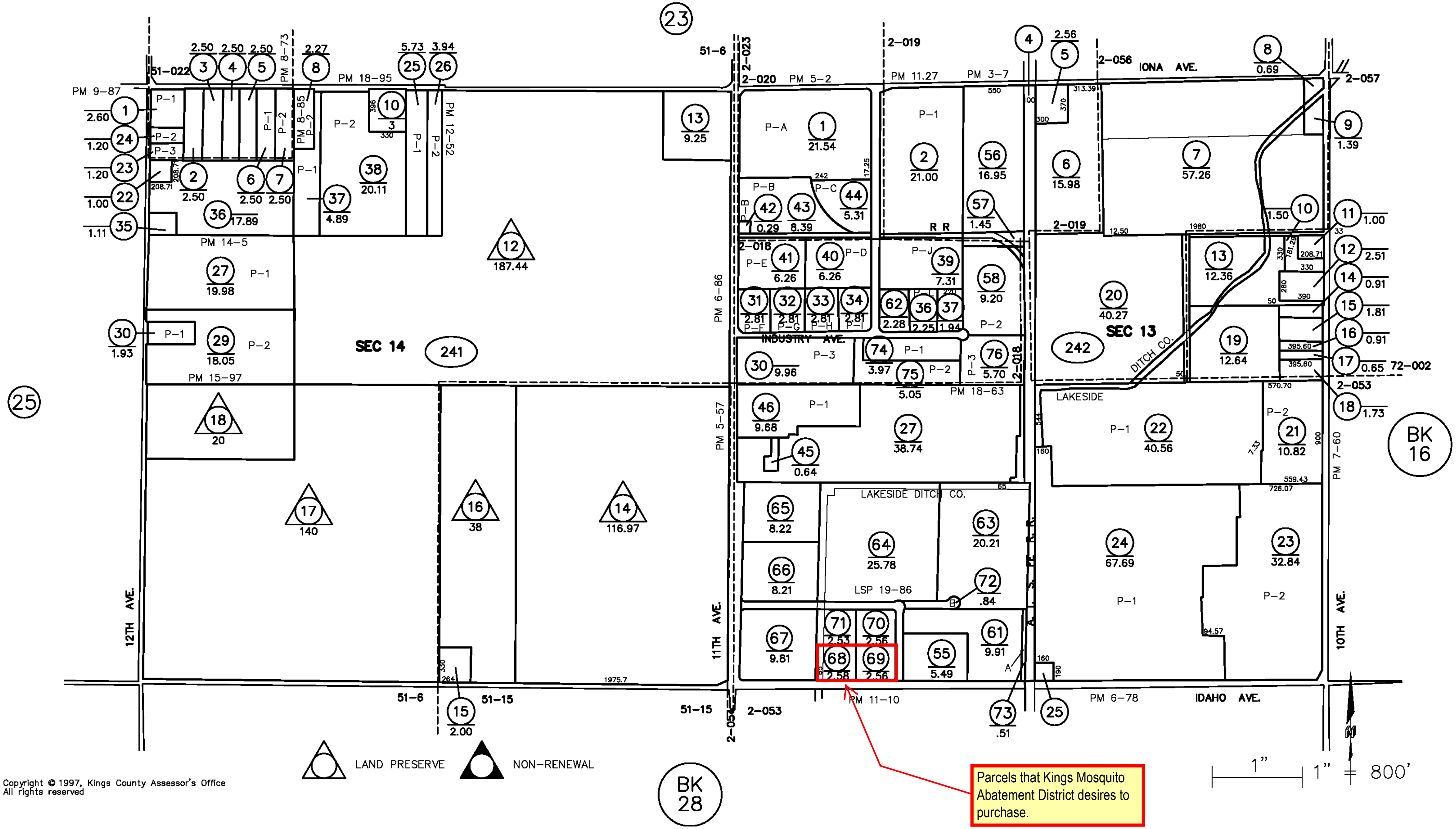
BACKGROUND:

FISCAL IMPACT:

KINGS COUNTY ASSESSOR'S MAP

SEC'S. 13 & 14–19–21

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY
IT IS NOT TO BE CONSTRUED AS PORTRAYING
LEGAL OWNERSHIP OF DIVISIONS OF LAND FOR
PURPOSES OF ZONING OR SUBDIVISION LAW.
DECEMBER 2007



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 KINGS MOSQUITO ABATEMENT DISTRICT ("**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 5.14 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 STEWART TITLE COMPANY ("**Escrow Holder**") located at 329 W. Eighth Street, Suite 105, Hanford, 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 One Hundred Forty Thousand, Three Hundred and No/100 Dollars ($140,300.00) ("**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 Three Thousand and No/100 Dollars ($3,000.00) ("**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:

____________ ____________

Buyer Initials Seller Initials

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

6. **<u>Condition of Title to Real Property</u>.** 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. **<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>, the Deposit will be released by Escrow Holder to Buyer, and 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 <u>Section 8</u>. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Should Buyer enter the Real Property during the Feasibility Period, Buyer shall maintain at its own expense: (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. <u>Condition of Property</u>. 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) The Real Property is not subject to any third party leases or other use rights, with the exception of those rights, if any, which may be reflected in the Title Report.

(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 ("**DOF**"). Seller will, at its sole cost, pursue the OB's and DOF's approval of this Agreement.

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. <u>Survival of Warranties</u>. 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 <u>Section 14</u>.

15. <u>Brokerage Commissions</u>. 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. <u>Conditions Precedent to Seller's Obligations to Perform</u>. 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. <u>Conditions Precedent to Buyer's Obligations to Perform</u>. 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.

(f) Buyer secures all necessary environmental clearances for its operation of a mosquito abatement facility and office at the Real Property.

(g) Buyer obtains all necessary land use approvals and entitlements for its operation of a mosquito abatement facility and office at the Real Property. Buyer acknowledges that the Real Property is undeveloped and that Buyer will be required to pay development impact fees as a condition of constructing a new facility and office on the Real Property.

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 two hundred seventieth (270^{th}) 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. **<u>Failure to Close</u>.** 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 <u>Section 4</u> 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. **<u>Attorneys' Fees</u>.** Subject to <u>Section 4</u> 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. **<u>Indemnification of Escrow Holder</u>.** 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. **<u>Notice</u>.** 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:

Michael Cavanagh, District Manager
KINGS MOSQUITO ABATEMENT DISTRICT
10871 Bonney View Lane
Hanford, CA 93230
P.O. Box 907
Hanford, CA 93232
FAX: (559) 584-3310

To Buyer's Legal Counsel:

Dale E. Bacigalupi
LOZANO SMITH
7404 North Spalding Ave Fresno
Fresno, CA 93720
FAX: (559) 261-9366

To Seller: Darrel Pyle, 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, L.L.P.
111 East Seventh 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. **<u>Headings</u>.** 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. **<u>Survival</u>.** All of the provisions of this Agreement shall survive the Closing and shall remain binding upon the Parties.

36. **<u>Time</u>.** 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. **<u>Counterparts</u>.** 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. **<u>Nondiscrimination and Non-segregation Provisions</u>.** 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"

KINGS MOSQUITO ABATEMENT DISTRICT

Dated: ____________________, 2013

By: ___________________________________
MICHAEL CAVANAGH
District Manager

EXHIBIT “A”

LEGAL DESCRIPTION

PARCEL 1:

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 feet 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, 993.06 feet;

Thence, at right angles, South 00°12’55” West, 316.00 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 00°12’55” West, 316.00 feet, to a point on the North right of way line of Idaho Avenue;

Thence, South 89°47’05” East, along said North right of way line, 322.83 feet, to the beginning of a tangent curve, concave Northwesterly, having a radius of 30.00 feet;

Thence, Northeasterly, along said 30.00 foot radius curve, through a central angle of 90°00’00”, an arc distance of 47.12 feet;

Thence, North 00°12’55” East, 286.00 feet;

Thence, at right angles, North 89°47’05” West, parallel with the South line of said Southwest quarter, 352.83 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-069 (containing 2.56 acres)

PARCEL 2:

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;

Thence, South 01°28’20” West, parallel with the West line of said Southwest quarter, 316.08 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 01°28’20” West, parallel with said West line, 316.08 feet, to a point on the North right of way line of Idaho Avenue;

Thence, South 89°47’05” East, along said North right of way line, 359.76 feet;

Thence, at right angles, North 00°12’55” East, 316.00 feet;

Thence, at right angles, North 89°47’05” West, parallel with the South line of said Southwest quarter, 352.83 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-068 (containing 2.58 acres)

APPRAISAL REPORT

2.56 & 2.58 ACRE INDUSTRIAL LOTS, 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

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 9, 2013
Subject Property:	2.56 & 2.58 Acre Industrial Lots, 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:	$150,000 ($75,000 per lot)

Table of Contents

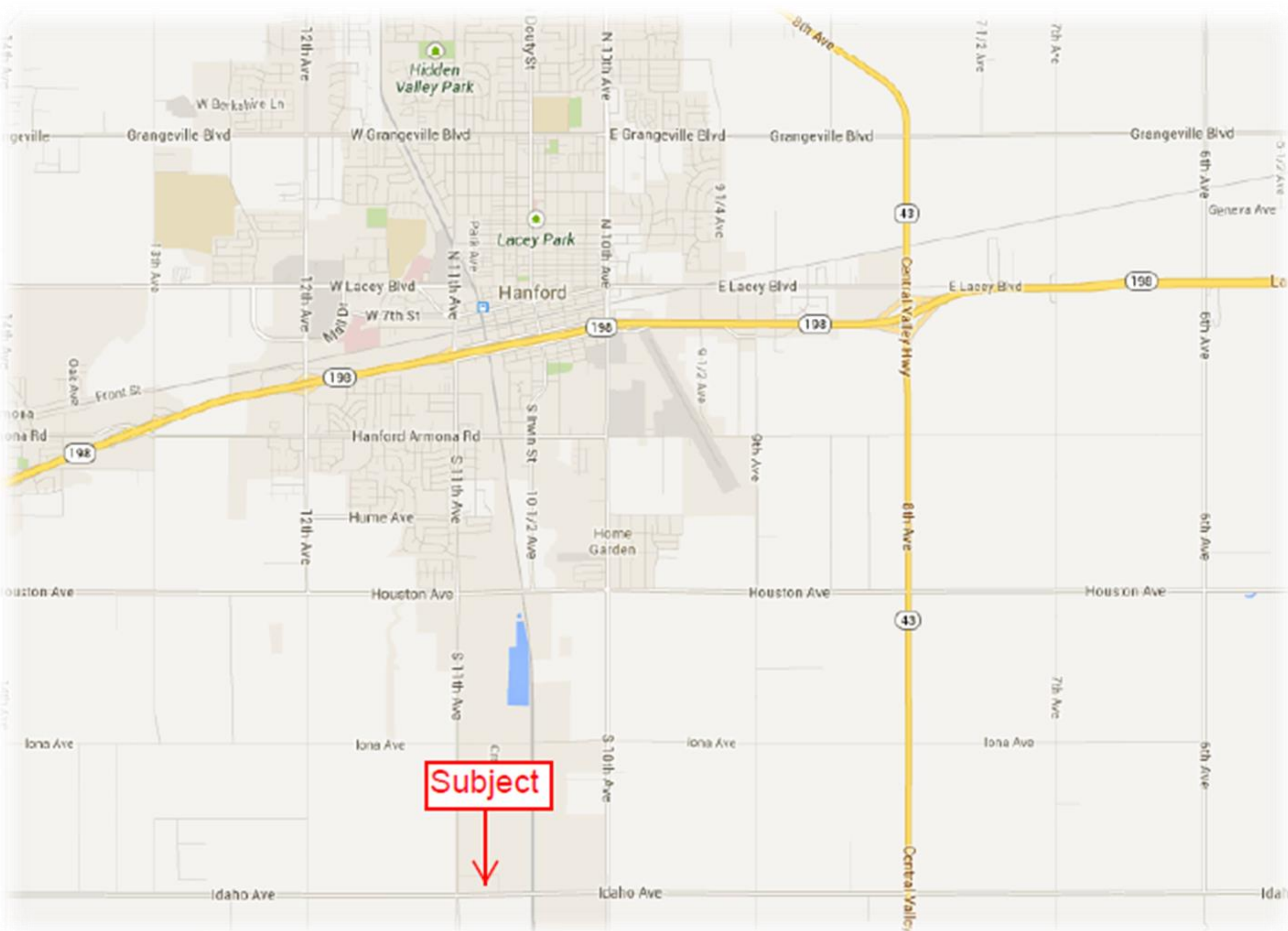
SCOPE OF WORK

- 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

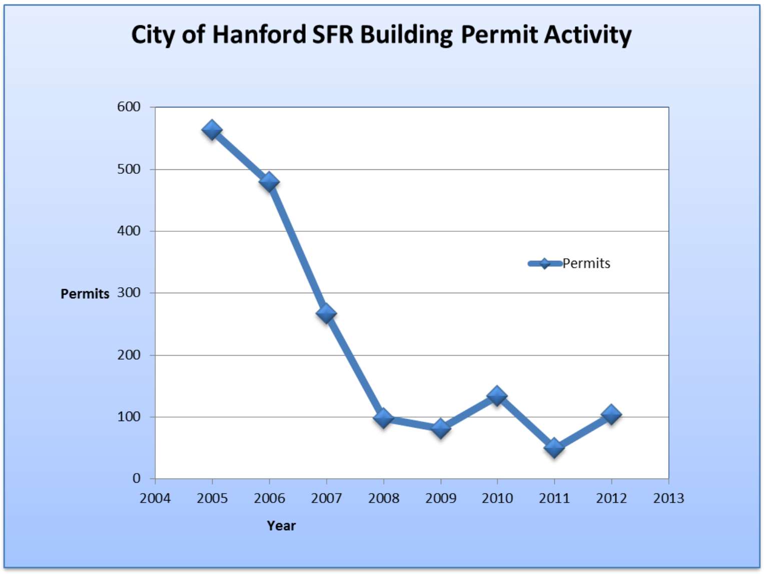
2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

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 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.

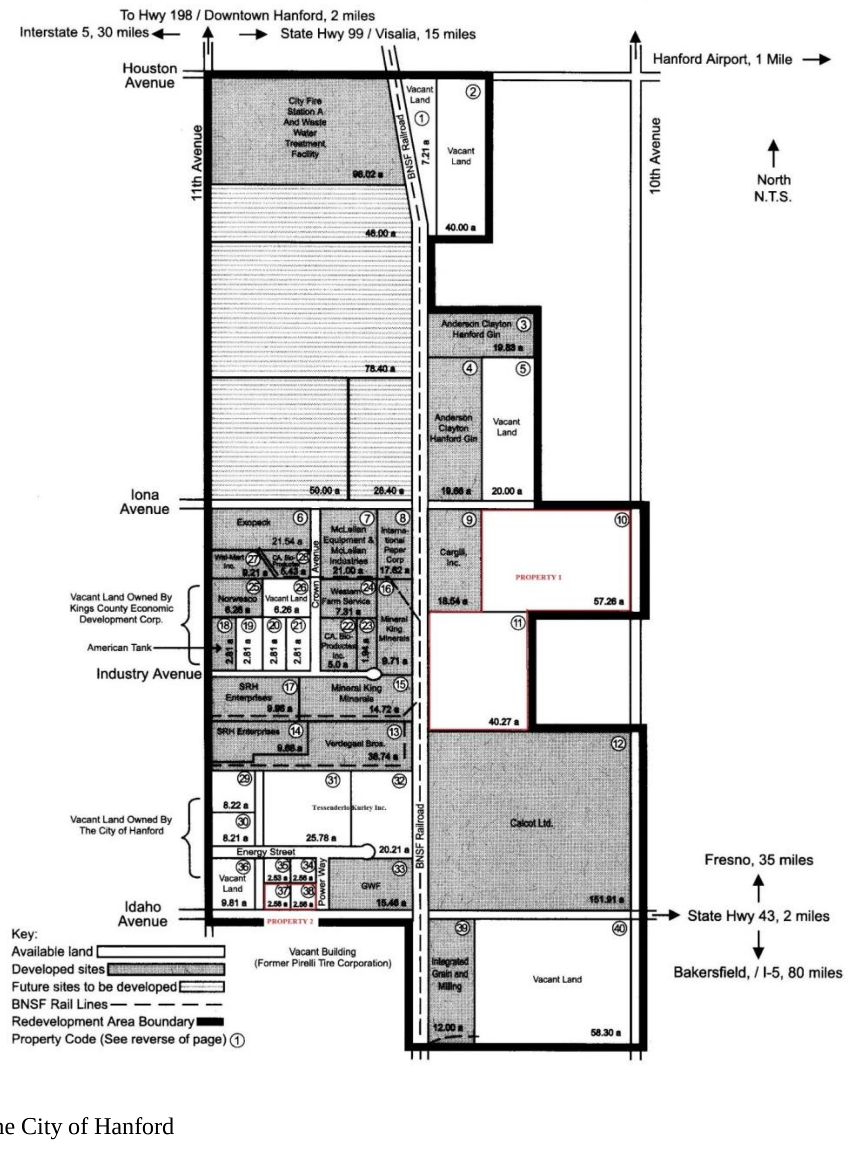
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution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

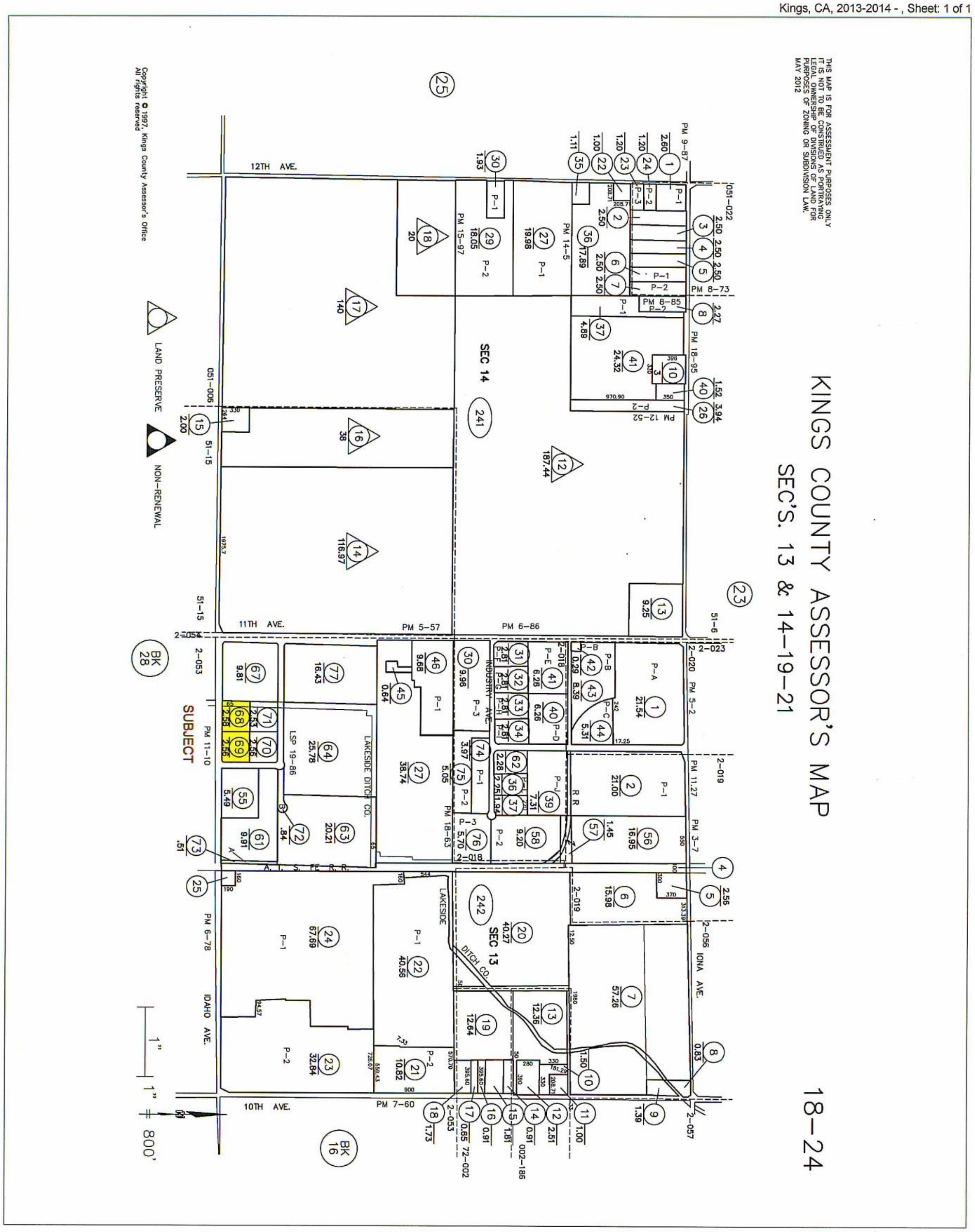
Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. There are no public records indicating a sale of either subject property in the prior three years. The properties are not currently in escrow but are listed for sale, at a price of about $30,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.
Site:	

APN	018-242-068	018-242-069
Size	2.58	2.56
Zoning	HI	HI
Idaho Frontage	345' est.	345' est.
Power St. Frontage	0'	320' est.
Rail Frontage	No	No

	Off-sites	Yes	Yes
	Plantings	None	None
	Well	None Noted	None Noted
Access:	The parcels have frontage on Idaho Avenue, and Power Street. Both are two-lane asphalt paved roadways that are city maintained. The Lakeside Ditch runs along the western line of parcel 018-242-068 in a north-south direction. There is a gravity gate on the same parcel at the southwest corner. Water and sewer are provided by the City of Hanford. Both frontages are improved with concrete curb and gutter.		

PARCEL MAP

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



VALUATION

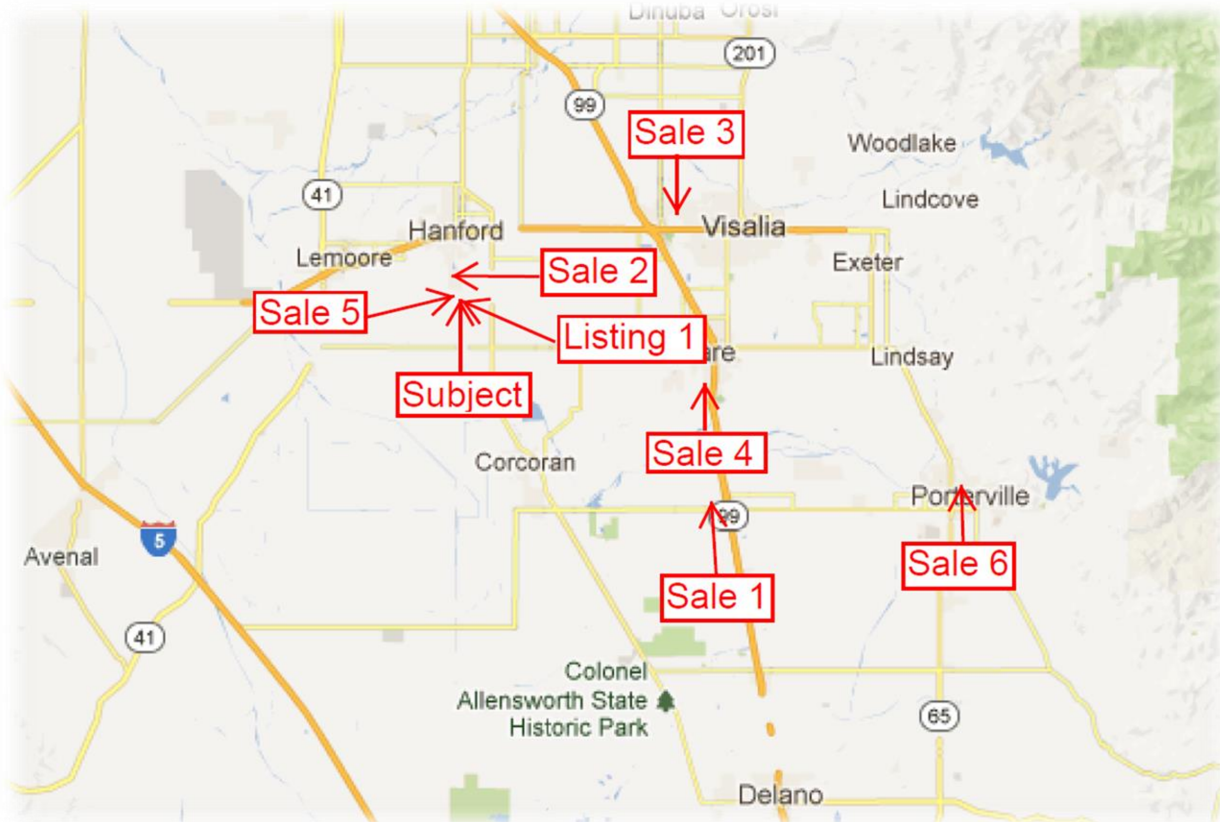
HIGHEST & BEST USE

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. 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	433 North Westling Road	Jun-2011	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
2	NS of Industry Ave. E of 11th Ave.	Jul-2011	$80,000	$0.65	$28,470	2.81	H-I	Yes	Yes
	Hanford, CA	Buyer:	Norwesco						
	018-242-032	Seller:	Community Redevlopment Agency						
3	SS of Goshen Ave. W of Kelsey St.	Apr-2012	$400,000	$2.07	$90,090	4.44	I-L	Yes	Yes
	Visalia, CA	Buyer	Richard & Jamison Bean						
	081-110-037	Seller:	MDA Real Estate Qualified Fund LLC						
4	SWC of Industrial Ave. & Blackstone St.	June-2012	$300,000	$2.26	$98,619	3.04	M-2	Yes	Yes
	Tulare, CA	Buyer	Jack & Jeanette Kimm						
	191-330-008; 012	Seller:	Deno Vaccher						
5	N. of Idaho east of 11th Ave.	June-2012	$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						
6	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						
Listing									
1	Subject Property	Active	$76,800	$0.69	$30,000	2.56	H-I	Yes	Yes
	Hanford, CA	Buyer	----						
	018-242-068; 069	Seller:	Kings EDC						


Dinuba
Orosi
201
99
Sale 3
Woodlake
Lindcove
41
Hanford
Visalia
Lemoore
Sale 2
Exeter
Sale 5
Listing 1
Lindsay
Subject
Corcoran
Sale 4
Porterville
Avenal
5
Sale 6
Sale 1
41
Colonel
Allensworth State
Historic Park
65
Delano

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 - $46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - $28,470	Similar – Best comparable sale
Sale 3 - $90,090	Superior– Better location
Sale 4 - $98,619	Superior– Better location
Sale 5 - $30,007	Similar – Larger than the subject site
Sale 6 - $23,174	Similar – Larger but similar location
Listing 1 - $30,000	Similar – This is the subject parcel

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 2 is the most comparable in size, off-sites and location within the Kings Industrial Park. Sale 5 shows there is little difference is value per acre when comparing large sites and smaller sites within the Kings Industrial Park. Minimal discount is given to the sales of larger parcels.

The subject has been simultaneously marketed for two prices by the City of Hanford. The asking price varies between $30,000 and $50,000 per acre. No buyers have been secured at these asking prices; however, considering the small lot sizes and finished off-sites the asking prices are reasonable and lack of interest is attributed to lesser market conditions.

Both sites have similar utility, size and location; therefore, they are allocated the same value, per acre. Despite the marketing history the lots should command $30,000 per acre. The value is calculated as follows:

2.58 Acres X $30,000/ Acre =	$77,400	**$75,000 (rounded)**
2.56 Acres X $30,000/ Acre =	$76,800	**$75,000 (rounded)**
Total Value for Both Parcels		**$150,000**

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

	
West view of parcels	East view on Idaho Avenue

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

<u>American Appraisal Associates</u> Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
<u>Wells Fargo Bank Real Estate Industries Group</u> 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.
<u>Real Property Analysts</u> Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
<u>Simon Company</u> 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

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 KINGS MOSQUITO ABATEMENT DISTRICT

At a special meeting of the members of the Oversight Board ("Oversight Board") to the Successor Agency to the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on February ______, 2014, at ___: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; and

WHEREAS, the RDA's land included two parcels (Kings County APNs 018-242-068 and 069) that total 5.14 acres in size (collectively "the Property"); and

WHEREAS, the Kings Mosquito Abatement District ("KMAD") 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, a copy of which is attached hereto as Exhibit "B," identifies the value of the Property as $150,000.00; 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 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 "C" and "D," respectively, and are incorporated herein by reference; and

WHEREAS, KMAD 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 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 "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 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 February ____, 2014, 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:

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

EXHIBIT “A”

EXHIBIT “A”

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 KINGS MOSQUITO ABATEMENT DISTRICT ("**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 5.14 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 STEWART TITLE COMPANY ("**Escrow Holder**") located at 329 W. Eighth Street, Suite 105, Hanford, 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 One Hundred Forty Thousand, Three Hundred and No/100 Dollars ($140,300.00) ("**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 Three Thousand and No/100 Dollars ($3,000.00) ("**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:

____________ ____________

Buyer Initials Seller Initials

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

6. **<u>Condition of Title to Real Property</u>.** 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. **<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>, the Deposit will be released by Escrow Holder to Buyer, and 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 <u>Section 8</u>. Buyer shall keep the Real Property free from any and all mechanics or similar liens or charges resulting from such inspection work.

(d) Should Buyer enter the Real Property during the Feasibility Period, Buyer shall maintain at its own expense: (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. **<u>Condition of Property</u>.** Except for representations made in writing by the Seller prior to the Closing

(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 <u>Section 9</u>, 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. <u>Existing Surveys and Reports</u>. 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) The Real Property is not subject to any third party leases or other use rights, with the exception of those rights, if any, which may be reflected in the Title Report.

(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 ("**DOF**"). Seller will, at its sole cost, pursue the OB's and DOF's approval of this Agreement.

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, 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.

(f) Buyer secures all necessary environmental clearances for its operation of a mosquito abatement facility and office at the Real Property.

(g) Buyer obtains all necessary land use approvals and entitlements for its operation of a mosquito abatement facility and office at the Real Property. Buyer acknowledges that the Real Property is undeveloped and that Buyer will be required to pay development impact fees as a condition of constructing a new facility and office on the Real Property.

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 two hundred seventieth (270^{th}) 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. **<u>Failure to Close</u>.** 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 <u>Section 4</u> 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. **<u>Attorneys' Fees</u>.** Subject to <u>Section 4</u> 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. **<u>Indemnification of Escrow Holder</u>.** 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. **<u>Notice</u>.** 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:	Michael Cavanagh, District Manager KINGS MOSQUITO ABATEMENT DISTRICT 10871 Bonney View Lane Hanford, CA 93230 P.O. Box 907 Hanford, CA 93232 FAX: (559) 584-3310
To Buyer's Legal Counsel:	Dale E. Bacigalupi LOZANO SMITH 7404 North Spalding Ave Fresno Fresno, CA 93720 FAX: (559) 261-9366

To Seller: Darrel Pyle, 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, L.L.P.
111 East Seventh Street
Hanford, CA 93230
FAX: (559) 582-3106

29. **<u>Sole and Only Agreement</u>.** 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. **<u>Successors and Assigns</u>.**

(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 <u>Section 30</u>, 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. **<u>Further Action</u>.** 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. **<u>Waiver</u>.** 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. **<u>Choice of Laws</u>.** 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"

KINGS MOSQUITO ABATEMENT DISTRICT

Dated: ____________________, 2013

By: ___________________________________
MICHAEL CAVANAGH
District Manager

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

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 feet 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, 993.06 feet;

Thence, at right angles, South 00°12'55" West, 316.00 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 00°12'55" West, 316.00 feet, to a point on the North right of way line of Idaho Avenue;

Thence, South 89°47'05" East, along said North right of way line, 322.83 feet, to the beginning of a tangent curve, concave Northwesterly, having a radius of 30.00 feet;

Thence, Northeasterly, along said 30.00 foot radius curve, through a central angle of 90°00'00", an arc distance of 47.12 feet;

Thence, North 00°12'55" East, 286.00 feet;

Thence, at right angles, North 89°47'05" West, parallel with the South line of said Southwest quarter, 352.83 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-069 (containing 2.56 acres)

PARCEL 2:

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;

Thence, South 01°28’20” West, parallel with the West line of said Southwest quarter, 316.08 feet, to the TRUE POINT OF BEGINNING;

Thence, continuing South 01°28’20” West, parallel with said West line, 316.08 feet, to a point on the North right of way line of Idaho Avenue;

Thence, South 89°47’05” East, along said North right of way line, 359.76 feet;

Thence, at right angles, North 00°12’55” East, 316.00 feet;

Thence, at right angles, North 89°47’05” West, parallel with the South line of said Southwest quarter, 352.83 feet, to the TRUE POINT OF BEGINNING.

APN: 018-242-068 (containing 2.58 acres)

EXHIBIT "B"

APPRAISAL REPORT

2.56 & 2.58 ACRE INDUSTRIAL LOTS, 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

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 9, 2013
Subject Property:	2.56 & 2.58 Acre Industrial Lots, 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:	$150,000 ($75,000 per lot)

Table of Contents

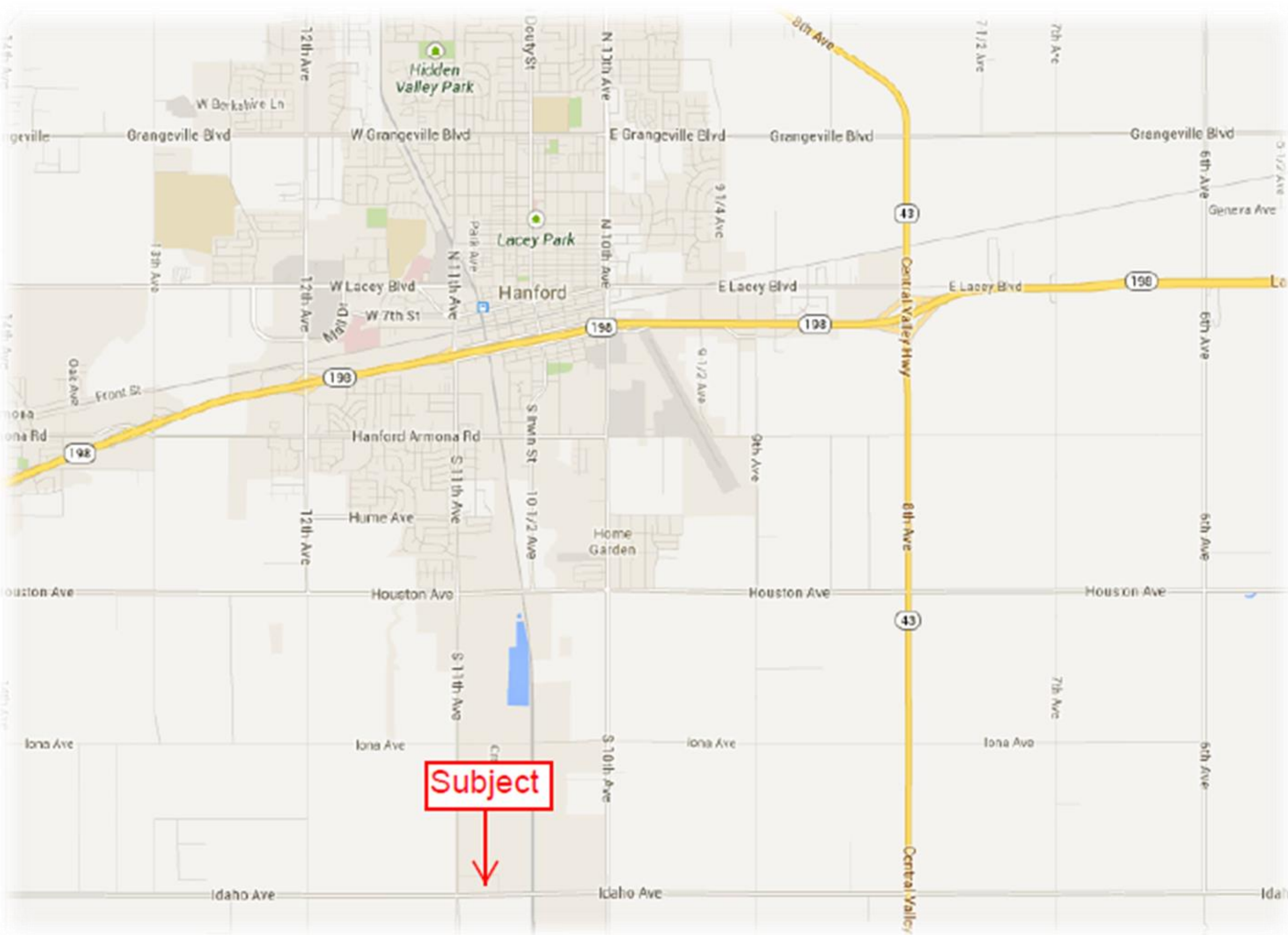
SCOPE OF WORK

- 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

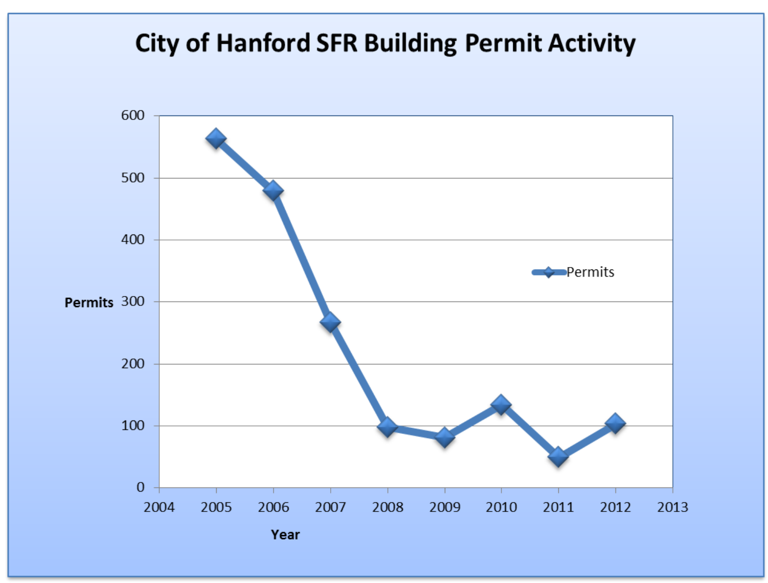
2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

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 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.

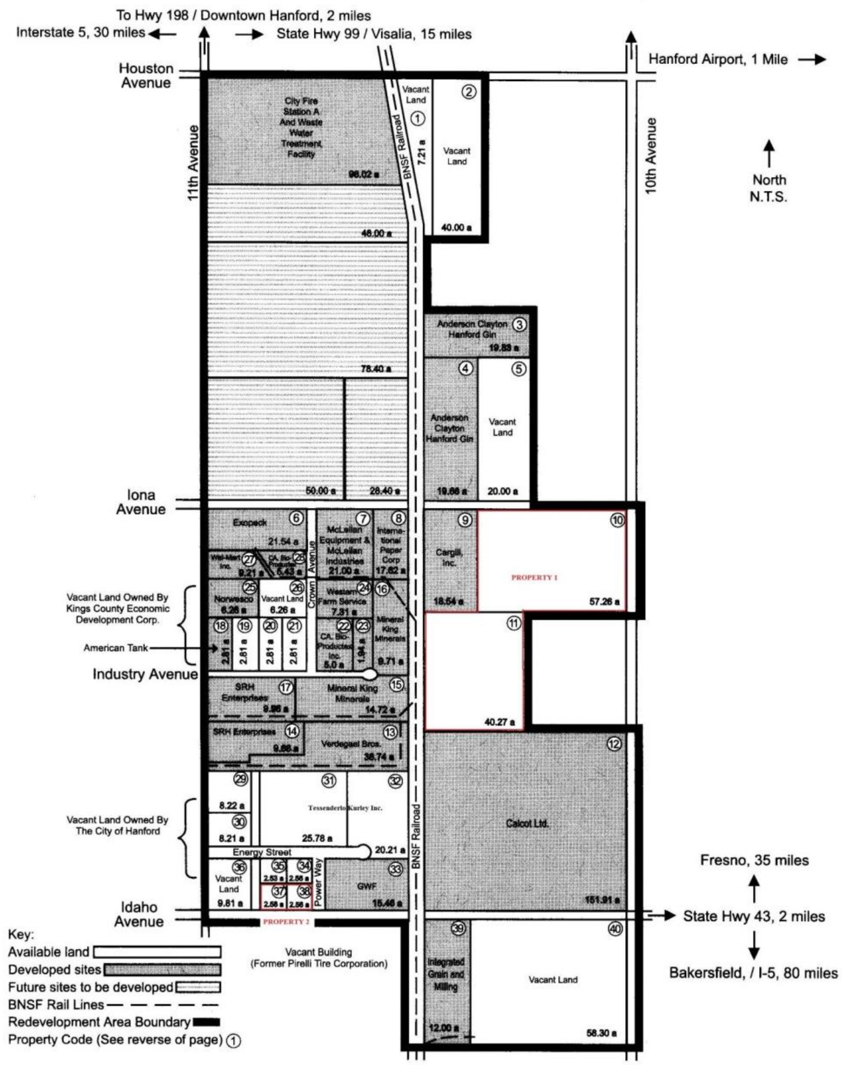
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution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

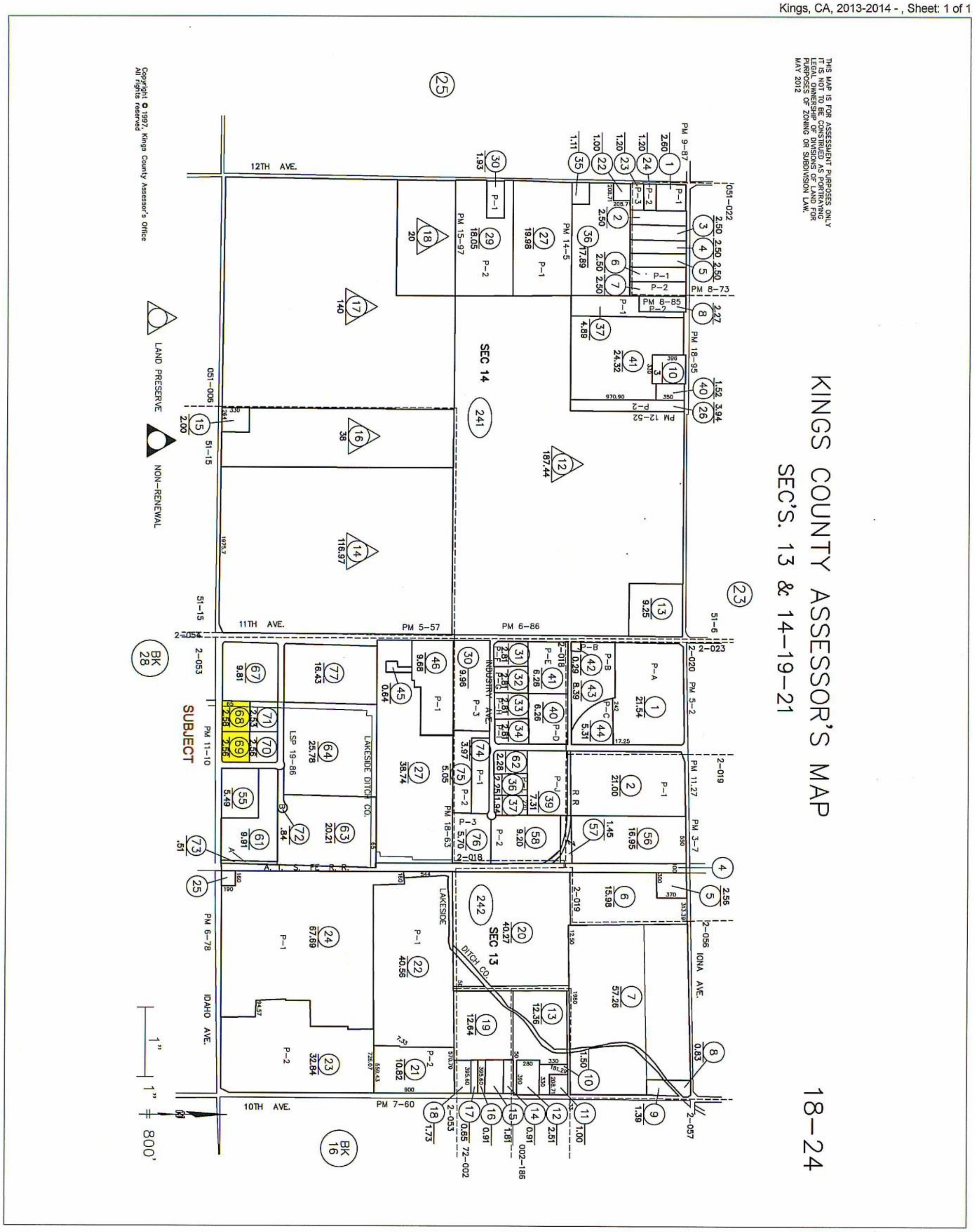
<table>
<tr><td>Property History:</td><td>The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant.

Fee title is vested as The City of Hanford, according to Kings County public records. There are no public records indicating a sale of either subject property in the prior three years. The properties are not currently in escrow but are listed for sale, at a price of about $30,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.</td></tr>
<tr><td>Site:</td><td><table>
<tr><td>APN</td><td>018-242-068</td><td>018-242-069</td></tr>
<tr><td>Size</td><td>2.58</td><td>2.56</td></tr>
<tr><td>Zoning</td><td>HI</td><td>HI</td></tr>
<tr><td>Idaho Frontage</td><td>345' est.</td><td>345' est.</td></tr>
<tr><td>Power St. Frontage</td><td>0'</td><td>320' est.</td></tr>
<tr><td>Rail Frontage</td><td>No</td><td>No</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td><table>
<tr><td>Off-sites</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Plantings</td><td>None</td><td>None</td></tr>
<tr><td>Well</td><td>None Noted</td><td>None Noted</td></tr>
</table></td></tr>
<tr><td>Access:</td><td>The parcels have frontage on Idaho Avenue, and Power Street. Both are two-lane asphalt paved roadways that are city maintained. The Lakeside Ditch runs along the western line of parcel 018-242-068 in a north-south direction. There is a gravity gate on the same parcel at the southwest corner. Water and sewer are provided by the City of Hanford. Both frontages are improved with concrete curb and gutter.</td></tr>
</table>

PARCEL MAP

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



VALUATION

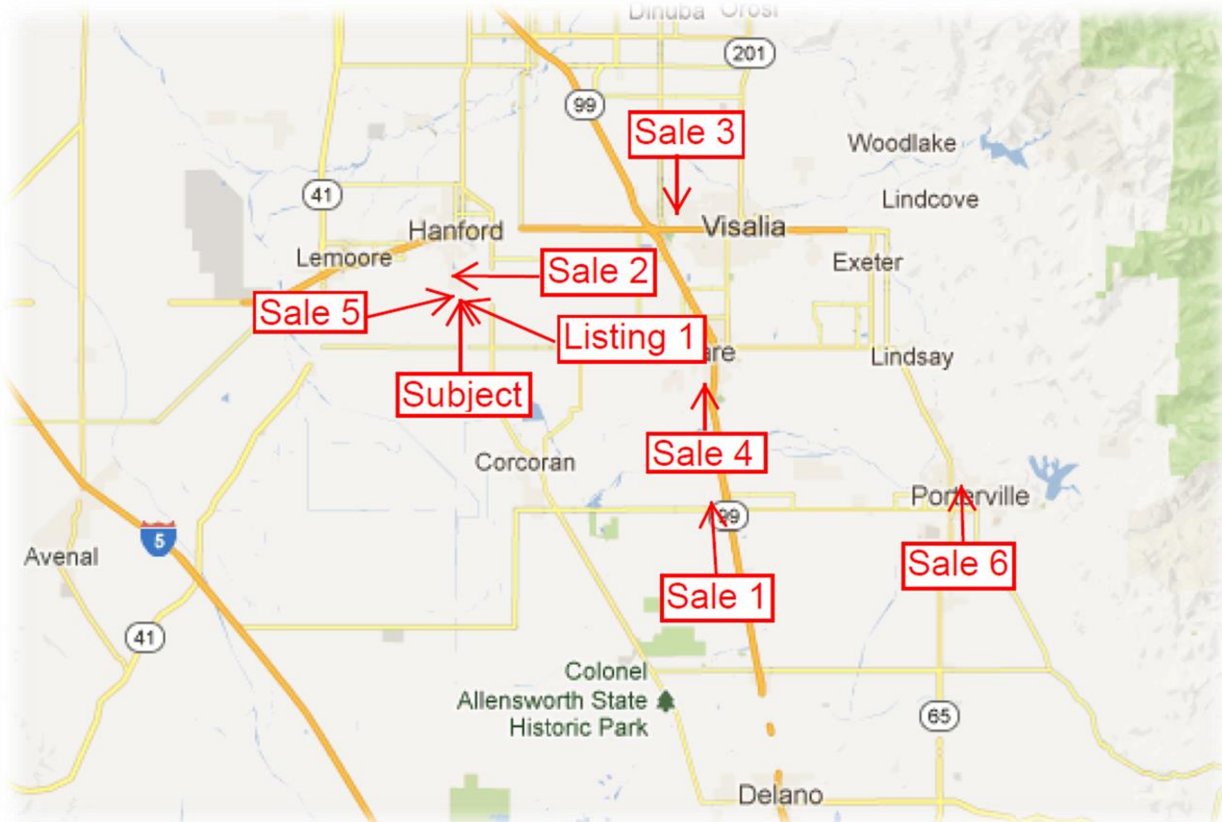
HIGHEST & BEST USE

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. 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	433 North Westling Road	Jun-2011	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
2	NS of Industry Ave. E of 11th Ave.	Jul-2011	$80,000	$0.65	$28,470	2.81	H-I	Yes	Yes
	Hanford, CA	Buyer:	Norwesco						
	018-242-032	Seller:	Community Redevlopment Agency						
3	SS of Goshen Ave. W of Kelsey St.	Apr-2012	$400,000	$2.07	$90,090	4.44	I-L	Yes	Yes
	Visalia, CA	Buyer	Richard & Jamison Bean						
	081-110-037	Seller:	MDA Real Estate Qualified Fund LLC						
4	SWC of Industrial Ave. & Blackstone St.	June-2012	$300,000	$2.26	$98,619	3.04	M-2	Yes	Yes
	Tulare, CA	Buyer	Jack & Jeanette Kimm						
	191-330-008; 012	Seller:	Deno Vaccher						
5	N. of Idaho east of 11th Ave.	June-2012	$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						
6	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						
Listing									
1	Subject Property	Active	$76,800	$0.69	$30,000	2.56	H-I	Yes	Yes
	Hanford, CA	Buyer	----						
	018-242-068; 069	Seller:	Kings EDC						



Sale 3
Woodlake
Lindcove
Hanford
Visalia
Lemoore
Sale 2
Exeter
Sale 5
Listing 1
Lindsay
Subject
Corcoran
Sale 4
Porterville
Avenal
Sale 6
Sale 1
Colonel
Allensworth State
Historic Park
Delano
201
99
41
5
65

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 - $46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - $28,470	Similar – Best comparable sale
Sale 3 - $90,090	Superior– Better location
Sale 4 - $98,619	Superior– Better location
Sale 5 - $30,007	Similar – Larger than the subject site
Sale 6 - $23,174	Similar – Larger but similar location
Listing 1 - $30,000	Similar – This is the subject parcel

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 2 is the most comparable in size, off-sites and location within the Kings Industrial Park. Sale 5 shows there is little difference is value per acre when comparing large sites and smaller sites within the Kings Industrial Park. Minimal discount is given to the sales of larger parcels.

The subject has been simultaneously marketed for two prices by the City of Hanford. The asking price varies between $30,000 and $50,000 per acre. No buyers have been secured at these asking prices; however, considering the small lot sizes and finished off-sites the asking prices are reasonable and lack of interest is attributed to lesser market conditions.

Both sites have similar utility, size and location; therefore, they are allocated the same value, per acre. Despite the marketing history the lots should command $30,000 per acre. The value is calculated as follows:

2.58 Acres X $30,000/ Acre =	$77,400	**$75,000 (rounded)**
2.56 Acres X $30,000/ Acre =	$76,800	**$75,000 (rounded)**
Total Value for Both Parcels		**$150,000**

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

	
West view of parcels	East view on Idaho Avenue

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

<u>American Appraisal Associates</u> Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
<u>Wells Fargo Bank Real Estate Industries Group</u> 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.
<u>Real Property Analysts</u> Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
<u>Simon Company</u> 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

EXHIBIT “C”

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

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

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

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

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EXHIBIT “D”

0007923

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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

...ORDED IN OFFICIAL RECORDS OF
KINGS COUNTY, CALIFORNIA
AT 2 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)

0007923

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

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	911	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 notic · of default and any notice of sale hereunder be mailed to him at his address hereinbefore . · forth.

Signature of Trustor

STATE OF CALIFORNIA } ss.
COUNTY OF Kings }

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD

BY: Simon Lakritz
Simon Lakritz, President

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

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"

END OF DOCUMENT

AGENDA
STAFF REPORT

MEETING DATE: 4/10/2014	**AGENDA SECTION:** 1. C.

SUBJECT:
Ty Mizote, Successor Agency Attorney: Adopt resolution 14-04-OBR approving the Purchase and Sale Agreement and Escrow Instructions for the sale of 5.14 Acres of RDA property, located in the Kings Industrial Park, to Kings Mosquito Abatement District.

RECOMMENDATION:
The Successor Agency (SA) recommends that the Oversight Board (OB), by motion, adopt the attached Resolution approving the Purchase and Sale Agreement and Escrow Instructions (PSA) with Kings Mosquito Abatement District ("KMAD") for KMAD's purchase of 5.14 acres of RDA property located in the Kings Industrial Park.

BACKGROUND:
KMAD submitted an offer to the SA for two parcels within the Kings Industrial Park that total 5.14 acres. The location of the subject property is identified on the attached plat map. The attached PSA was prepared based upon negotiations between KMAD and the SA.

The following is a summary of the key deal points of the PSA:
Acres : 5.14 acres of unimproved land.
Purchase Price: $140,300.00.
Initial Deposit: $3,000.00 upon signature of the PSA.
Close of Escrow: Closing to occur on or before the 270th day following the parties' signature of the PSA.

The SA had the subject property appraised during the SA's preparation of its Long-Range Property Management Plan. A copy of the appraisal prepared by Simon Company Inc. is attached for the OB's review. The appraisal identifies the property's value as $150,000.00.The SA has not received any other offers on the subject property and is not currently in discussions with any other party that may be interested in purchasing the 5.14 acres.

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). KMAD will want to acquire the subject property free and clear of the KEDC Deed of Trust. KEDC will partially reconvey the KEDC Deed of Trust (thereby removing it from the subject property's chain of title) in exchange for $9,280.52/acre ($3,095.00/acre (principal) plus $6,185.52/acre (shared appreciation)) payment per the terms of its Note. The total payment to KEDC will be $47,701.87. 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:
The portion of the sales proceeds not used by the Successor Agency to pay the RDA's enforceable obligations will be paid to Kings County for distribution to the taxing agencies.

ATTACHMENTS:

Description
- Map
- Purchase and Sale Agreement
- Appraisal Report
- Resolution with Exhibits

MARKETING AGREEMENT

*** * * * ***

This Marketing Agreement ("**Agreement**") is made and entered into this _______ day of _____________, 20___, by and between the City of Hanford, as Successor Agency to the Community Redevelopment Agency of the City of Hanford ("**City**"), and the Kings County Economic Development Corporation, ("**Contractor**").

RECITALS

A. City is required to sell the remaining real property formerly owned by the Community Redevelopment Agency of the City of Hanford ("**RDA**"); and

B. Contractor previously assisted the RDA with the marketing of the RDA's real estate; and

C. City desires to retain Contractor to assist with the marketing of the remainder of the RDA's real property; and

D. Contractor is willing to assist City with such marketing efforts.

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

1. **Retention of Contractor**. Subject to the terms and conditions set forth herein, City retains Contractor to perform the services identified in this Agreement, as an independent contractor, and Contractor hereby accepts this independent contractor appointment.

2. **Scope of Services**.

a. Contractor shall market and seek a purchaser for that 9.81 acre property identified as Kings County Assessor's Parcel Number 018-242-067.

b. Other parcels of real property formerly owned by the RDA and which are currently under City's control are currently subject to signed Purchase & Sale Agreements or are subject to negotiations. Should any such negotiations or sales fail, Contractor will market and seek purchasers for such properties.

c. All services provided by Contractor pursuant to this Section 2 shall collectively be referred to as "Services."

3. **Term**. This Agreement shall be subject to review and approval by the Oversight Board (OB) that possesses legal authority over City's actions as Successor Agency to the RDA. The OB's actions are subject to review by the California Department of Finance (DOF). This Agreement shall become effective on the date immediately following the final day on which the DOF may overrule the OB's approval of this Agreement. This Agreement shall have no effect if the OB or the DOF reject the terms contained herein. This Agreement shall expire at 11:59 p.m., December 31, 2014 ("**Expiration Date**").

4. **Compensation and Reimbursement**.

a. Contractor shall be entitled to compensation equal to four percent (4%) of the sales price of each property sold by City for which Contractor causes an interested party to execute a Purchase & Sale Agreement approved by City.

b. Contractor will be entitled to reimbursement for up to Three Thousand and No/100 Dollars ($3,000.00) in non-labor expenses incurred by Contractor in providing the services identified in Section 2 above. Contractor will invoice City for such expenses, and City will pay each invoice in full no later than thirty (30) calendar days from the City's receipt of an invoice. In the event Contractor's expenses will exceed Three Thousand and No/100 Dollars ($3,000.00), the parties will confer about increasing the expense limit. If the parties successfully negotiate an increased expense amount, an amendment to this Agreement will be prepared and executed by Contractor and the City; provided however, any amendment to this Agreement shall be conditioned on obtaining OB approval.

5. **Method of Payment**. Real property sales generated by Contractor will be facilitated by an escrow company. Compensation to Contractor for each sale will be paid out of the corresponding escrow at closing.

6. **Equal Opportunity Employment**. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of City's programs or guidelines currently in effect or hereinafter enacted regarding equal opportunity employment.

7. **Insurance Requirements**.

a. Contractor, at Contractor's own cost and expense, shall procure and maintain, for the duration of this Agreement, the following insurance policies.

i. Workers Compensation Coverage. Contractor shall maintain Worker's Compensation Insurance and Employer's Liability Insurance for its employees in accordance with the laws of the State of California. In addition, Contractor shall require each subcontractor to similarly maintain worker's compensation insurance and employer's liability insurance in accordance with the laws of the State of California for all of subcontractor's employees. The insurer shall agree to waive all rights of subrogation against City, its officials, officers, agents, employees and volunteers for losses arising from work performed by Contractor for City.

ii. General Liability Coverage. Contractor shall maintain commercial general liability insurance in an amount not less than one million dollars ($1,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Services to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit identified in this paragraph.

b. Endorsements. Contractor's general liability policy shall be with insurers possessing a Best's rating of no less than A:VII and which are licensed to conduct business in California, and shall be endorsed with the following specific language:

i. The City, its elected or appointed officers, officials, employees, agents and volunteers shall be covered as additional insureds on all such policies of insurance with respect to liability arising out of Services performed by or on behalf of the Contractor, including materials, parts or equipment furnished in connection with such Services or operations.

ii. This policy of insurance shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with the policies of insurance obtained by Contractor.

iii. This policy of insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

iv. The insurer waives all rights of subrogation against the City, its elected or appointed officers, officials, employees, or volunteers.

v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.

vi. The insurance provided by this policy shall not be suspended, voided, canceled, modified or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.

vii. The general liability insurance coverage shall be at least as broad as Insurance Services Office commercial general liability coverage (occurrence form CG0001).

c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At City's option, Contractor shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

d. Certificate of Insurance. Contractor shall provide a certificate of insurance with original endorsements to City as evidence of the insurance coverage required herein. The certificate of such insurance shall be filed with City on the date of execution of this Agreement by Contractor. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement.

8. **Indemnification**.

a. Contractor agrees to indemnify, defend and hold harmless City and its officials, officers, employees, agents and volunteers from and against all claims, demands, actions, injuries, liabilities, losses, costs or damages, direct or indirect, and any and all attorneys' fees and other expenses which City or its officials, officers, employees, agents or volunteers may sustain or incur as a consequence of or anyway related to Contractor, or its employees, agents and subcontractor's performance of the Services and Contractor's responsibilities and obligations to be performed under this Agreement or its failure to perform or comply with any of its obligations or responsibilities contained in this Agreement. This indemnification shall survive the termination of this Agreement.

b. City agrees to indemnify, defend and hold harmless Contractor and its officials, officers, employees, agents and volunteers from and against all claims, demands, actions, injuries, liabilities, losses, costs or damages, direct or indirect, and any and all attorneys' fees and other expenses which Contractor or its officials, officers, employees, agents or volunteers may sustain or incur as a consequence of or anyway related to City's performance of its duties and obligations to be performed under this Agreement or City's failure to perform or comply with any of its obligations or responsibilities contained in this Agreement. This indemnification shall survive the termination of this Agreement.

9. **Independent Contractor Status**. It is understood and agreed that Contractor, in the performance of the Services to be performed pursuant to this Agreement, shall act as and be an independent contractor and shall not act as an agent or employee of City. Contractor shall obtain no retirement benefits or other benefits which accrue to City's employees and Contractor hereby expressly waives any claim it may have to any such rights. Nothing in this Agreement shall create or be construed as creating a partnership, joint venture or any other relationship between City and Contractor.

10. **Contractor Deeds of Trust**. Contractor holds Deeds of Trust that are recorded against the properties that City seeks to sell. The parties hereby acknowledge that this Agreement in no way alters Contractor's security interest in the properties or the underlying debts secured by the Deeds of Trust.

11. **Assignment and Subcontracting**. The parties recognize that a substantial inducement to City for entering into this Agreement is the reputation, experience and competence of Contractor. Assignments of any or all rights, duties or obligations of the Contractor under this Agreement will be permitted only with the express consent of City, which consent may be withheld in the sole and absolute discretion of City. Contractor shall not subcontract any portion of the Services to be performed under this Agreement without the written consent of the City, which consent may be withheld in the sole and absolute discretion of City. If City consents to such subcontract, Contractor shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall: (i) create any contractual relationship between City and subcontractor; (ii) create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor; (iii) or relieve Contractor of any of its obligations and responsibilities under this Agreement.

12. **Attorneys' Fees**. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' 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 Agreement, or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the Superior for the County of Kings, State of California for any proceeding arising hereunder.

13. **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. 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.

14. **Invalidity**. If any provision of this Agreement 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.

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

16. **Waiver**. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.

17. **Mediation**. The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and shall divide the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator

remaining shall hear the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

18. **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 three business days after being mailed by first class mail, charges and postage prepaid, property 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:

City of Hanford Attn: Darrel Pyle, City Manager 319 N. Douty Street Hanford, CA 93230	Kings County Economic Development Corp. Attn: John Lehn, President/CEO 120 N. Irwin Street Hanford, CA 93230

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

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

Dated: __________________, 20___ By: ______________________________________
DARREL PYLE
City Manager

KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION

Dated: __________________, 20___ By: ______________________________________
JOHN LEHN
President/CEO

RESOLUTION NO. _______

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE MARKETING AGREEMENT WITH THE KINGS ECONOMIC DEVELOPMENT CORPORATION.

At a special meeting of the members of the Oversight Board ("Oversight Board") to the Successor Agency of the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on ______________, 2014, at ___:00 a.m., and upon a motion by Member ____________ and seconded by Member ________________ and duly carried, the following resolution was adopted:

WHEREAS, the Successor Agency's First Amended and Restated Long-Range Property Management Plan ("the Plan") was previously approved by the Oversight Board; and

WHEREAS, the Plan indicates that the Successor Agency will utilize the Kings Economic Development Corporation ("KEDC") to assist with the marketing of the RDA's remaining real estate; and

WHEREAS, the Plan further states that the Successor Agency will enter into a Marketing Agreement with the KEDC for such services; and

WHEREAS, the Successor Agency has prepared the Marketing Agreement that is attached hereto as Exhibit "A" and which is incorporated herein by reference.

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

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 ____________, 2014, 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:

____

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

EXHIBIT "A"

MARKETING AGREEMENT

*** * * * ***

This Marketing Agreement ("**Agreement**") is made and entered into this _______ day of _____________, 20___, by and between the City of Hanford, as Successor Agency to the Community Redevelopment Agency of the City of Hanford ("**City**"), and the Kings County Economic Development Corporation, ("**Contractor**").

RECITALS

A. City is required to sell the remaining real property formerly owned by the Community Redevelopment Agency of the City of Hanford ("**RDA**"); and

B. Contractor previously assisted the RDA with the marketing of the RDA's real estate; and

C. City desires to retain Contractor to assist with the marketing of the remainder of the RDA's real property; and

D. Contractor is willing to assist City with such marketing efforts.

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

1. **<u>Retention of Contractor</u>**. Subject to the terms and conditions set forth herein, City retains Contractor to perform the services identified in this Agreement, as an independent contractor, and Contractor hereby accepts this independent contractor appointment.

2. **<u>Scope of Services</u>**.

a. Contractor shall market and seek a purchaser for that 9.81 acre property identified as Kings County Assessor's Parcel Number 018-242-067.

b. Other parcels of real property formerly owned by the RDA and which are currently under City's control are currently subject to signed Purchase & Sale Agreements or are subject to negotiations. Should any such negotiations or sales fail, Contractor will market and seek purchasers for such properties.

c. All services provided by Contractor pursuant to this Section 2 shall collectively be referred to as "Services."

3. **Term**. This Agreement shall be subject to review and approval by the Oversight Board (OB) that possesses legal authority over City's actions as Successor Agency to the RDA. The OB's actions are subject to review by the California Department of Finance (DOF). This Agreement shall become effective on the date immediately following the final day on which the DOF may overrule the OB's approval of this Agreement. This Agreement shall have no effect if the OB or the DOF reject the terms contained herein. This Agreement shall expire at 11:59 p.m., December 31, 2014 ("**Expiration Date**").

4. **Compensation and Reimbursement**.

a. Contractor shall be entitled to compensation equal to four percent (4%) of the sales price of each property sold by City for which Contractor causes an interested party to execute a Purchase & Sale Agreement approved by City.

b. Contractor will be entitled to reimbursement for up to Three Thousand and No/100 Dollars ($3,000.00) in non-labor expenses incurred by Contractor in providing the services identified in Section 2 above. Contractor will invoice City for such expenses, and City will pay each invoice in full no later than thirty (30) calendar days from the City's receipt of an invoice. In the event Contractor's expenses will exceed Three Thousand and No/100 Dollars ($3,000.00), the parties will confer about increasing the expense limit. If the parties successfully negotiate an increased expense amount, an amendment to this Agreement will be prepared and executed by Contractor and the City; provided however, any amendment to this Agreement shall be conditioned on obtaining OB approval.

5. **Method of Payment**. Real property sales generated by Contractor will be facilitated by an escrow company. Compensation to Contractor for each sale will be paid out of the corresponding escrow at closing.

6. **Equal Opportunity Employment**. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of City's programs or guidelines currently in effect or hereinafter enacted regarding equal opportunity employment.

7. **Insurance Requirements**.

a. Contractor, at Contractor's own cost and expense, shall procure and maintain, for the duration of this Agreement, the following insurance policies.

i. Workers Compensation Coverage. Contractor shall maintain Worker's Compensation Insurance and Employer's Liability Insurance for its employees in accordance with the laws of the State of California. In addition, Contractor shall require each subcontractor to similarly maintain worker's compensation insurance and employer's liability insurance in accordance with the laws of the State of California for all of subcontractor's employees. The insurer shall agree to waive all rights of subrogation against City, its officials, officers, agents, employees and volunteers for losses arising from work performed by Contractor for City.

ii. General Liability Coverage. Contractor shall maintain commercial general liability insurance in an amount not less than one million dollars ($1,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Services to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit identified in this paragraph.

b. Endorsements. Contractor's general liability policy shall be with insurers possessing a Best's rating of no less than A:VII and which are licensed to conduct business in California, and shall be endorsed with the following specific language:

i. The City, its elected or appointed officers, officials, employees, agents and volunteers shall be covered as additional insureds on all such policies of insurance with respect to liability arising out of Services performed by or on behalf of the Contractor, including materials, parts or equipment furnished in connection with such Services or operations.

ii. This policy of insurance shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with the policies of insurance obtained by Contractor.

iii. This policy of insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

iv. The insurer waives all rights of subrogation against the City, its elected or appointed officers, officials, employees, or volunteers.

v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.

vi. The insurance provided by this policy shall not be suspended, voided, canceled, modified or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.

vii. The general liability insurance coverage shall be at least as broad as Insurance Services Office commercial general liability coverage (occurrence form CG0001).

c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At City's option, Contractor shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

d. Certificate of Insurance. Contractor shall provide a certificate of insurance with original endorsements to City as evidence of the insurance coverage required herein. The certificate of such insurance shall be filed with City on the date of execution of this Agreement by Contractor. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement.

8. **Indemnification**.

a. Contractor agrees to indemnify, defend and hold harmless City and its officials, officers, employees, agents and volunteers from and against all claims, demands, actions, injuries, liabilities, losses, costs or damages, direct or indirect, and any and all attorneys' fees and other expenses which City or its officials, officers, employees, agents or volunteers may sustain or incur as a consequence of or anyway related to Contractor, or its employees, agents and subcontractor's performance of the Services and Contractor's responsibilities and obligations to be performed under this Agreement or its failure to perform or comply with any of its obligations or responsibilities contained in this Agreement. This indemnification shall survive the termination of this Agreement.

b. City agrees to indemnify, defend and hold harmless Contractor and its officials, officers, employees, agents and volunteers from and against all claims, demands, actions, injuries, liabilities, losses, costs or damages, direct or indirect, and any and all attorneys' fees and other expenses which Contractor or its officials, officers, employees, agents or volunteers may sustain or incur as a consequence of or anyway related to City's performance of its duties and obligations to be performed under this Agreement or City's failure to perform or comply with any of its obligations or responsibilities contained in this Agreement. This indemnification shall survive the termination of this Agreement.

9. **Independent Contractor Status**. It is understood and agreed that Contractor, in the performance of the Services to be performed pursuant to this Agreement, shall act as and be an independent contractor and shall not act as an agent or employee of City. Contractor shall obtain no retirement benefits or other benefits which accrue to City's employees and Contractor hereby expressly waives any claim it may have to any such rights. Nothing in this Agreement shall create or be construed as creating a partnership, joint venture or any other relationship between City and Contractor.

10. **Contractor Deeds of Trust**. Contractor holds Deeds of Trust that are recorded against the properties that City seeks to sell. The parties hereby acknowledge that this Agreement in no way alters Contractor's security interest in the properties or the underlying debts secured by the Deeds of Trust.

11. **Assignment and Subcontracting**. The parties recognize that a substantial inducement to City for entering into this Agreement is the reputation, experience and competence of Contractor. Assignments of any or all rights, duties or obligations of the Contractor under this Agreement will be permitted only with the express consent of City, which consent may be withheld in the sole and absolute discretion of City. Contractor shall not subcontract any portion of the Services to be performed under this Agreement without the written consent of the City, which consent may be withheld in the sole and absolute discretion of City. If City consents to such subcontract, Contractor shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall: (i) create any contractual relationship between City and subcontractor; (ii) create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor; (iii) or relieve Contractor of any of its obligations and responsibilities under this Agreement.

12. **Attorneys' Fees**. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' 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 Agreement, or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the Superior for the County of Kings, State of California for any proceeding arising hereunder.

13. **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. 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.

14. **Invalidity**. If any provision of this Agreement 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.

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

16. **Waiver**. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.

17. **Mediation**. The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and shall divide the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator

remaining shall hear the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

18. **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 three business days after being mailed by first class mail, charges and postage prepaid, property 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:

City of Hanford
Attn: Darrel Pyle, City Manager
319 N. Douty Street
Hanford, CA 93230

Kings County Economic Development Corp.
Attn: John Lehn, President/CEO
120 N. Irwin Street
Hanford, CA 93230

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

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

Dated: _________________, 20___

By: ______________________________________
DARREL PYLE
City Manager

KINGS COUNTY ECONOMIC DEVELOPMENT CORPORATION

Dated: _________________, 20___

By: ______________________________________
JOHN LEHN
President/CEO

AGENDA
STAFF REPORT

MEETING DATE: 4/8/2014	**AGENDA SECTION:** 1. D.

SUBJECT:
Ty N. Mizote, Successor Agency Attorney: Adopt Resolution 14-05-OBR, approving the Kings Economic Development Corporation Marketing Agreement.

RECOMMENDATION:
The Successor Agency (SA) recommends that the Oversight Board (OB), by motion, adopt the attached Resolution approving the attached Marketing Agreement.

BACKGROUND:
The OB previously approved the SA's First Amended and Restated Long-Range Property Management Plan (Plan). The Plan indicates that the SA will utilize the Kings Economic Development Corporation (KEDC) to market the RDA's remaining real estate and that the SA and the KEDC will enter into a Marketing Agreement for such services.
Currently, there is only one parcel, which is 9.81 acres in size, that remains unsold and which is not subject to a Purchase & Sale Agreement.
Through the attached Marketing Agreement, the KEDC will market the remaining parcel. In exchange, the KEDC will receive compensation equal to 4% of the sales price if it facilitates the sale of the property.
The KEDC will assist with the marketing of other parcels in the event one of the pending sales fails to close. The KEDC will be entitled to the 4% compensation described above if it facilitates such additional sales.

FISCAL IMPACT:

ATTACHMENTS:

Description
- Marketing Agreement
- Resolution

The City of Hanford

CALIFORNIA

RDA OVERSIGHT BOARD
ACTION SUMMARY MINUTES
January 30 2014

Council Chambers, Civic Auditorium
400 N Douty St

<u>RDA Oversight Board- 10:30 AM</u>

ROLL CALL BY THE CITY CLERK:

Chairman John Lehn called the meeting to order at 10:30 AM.

Present: STEVE CORL (SC), TONY BARBA (TB), MIKE CAVANAGH (MC), ALLISON PICARD (AP), JOHN LEHN (JL), MELODY HAIGH (MH).

(College of the Sequoias seat was vacant.)

./. . 0-0.

PUBLIC COMMENT:

None.

./. . 0-0.

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. <u>CONSENT CALENDAR:</u>

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.

2. <u>PULLED FROM CONSENT TO THE REGULAR AGENDA:</u>

3. <u>SUCCESSOR AGENCY FOR THE DISCUSSION OF THE FOLLOWING:</u>

A. Ty N. Mizote - Successor Agency Attorney. Successor Agency Long-Range Property Management Plan

Chairman Lehn stepped down as chair for this item stating that the EDC would be financially involved.
Vice Chair Corl took over the meeting.

Motion made to approve the Long Range Property Plan and adopt resolution 14-01-OBR by TB/MH. Motion passed, unanimously. (Ayes: SC, TB, MC, AP, MH; Abstained: JL)

./. . 0-0.

ADJOURNMENT:

The meeting was adjourned at 10:44 AM.

Respectfully Submitted,

Melonie Patrick,
Hanford City Clerk

./. . 0-0.

AGENDA
STAFF REPORT

MEETING DATE:	AGENDA SECTION: 1. B.

SUBJECT:
City Clerk: Approval of the minutes from 1-30-2014 board meeting.

RECOMMENDATION:

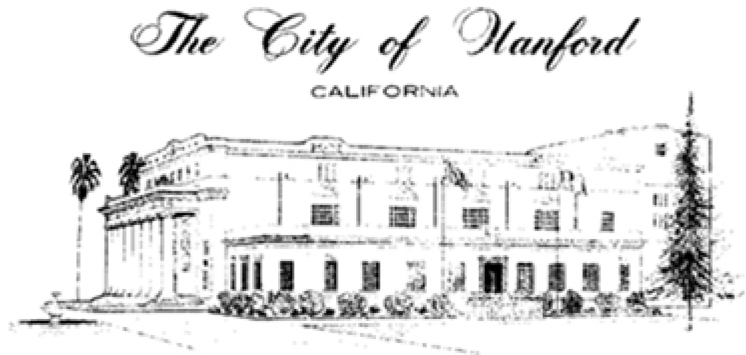
BACKGROUND:

FISCAL IMPACT:

ATTACHMENTS:

Description

OB Minutes 1-30-2014



RDA OVERSIGHT BOARD
ACTION SUMMARY MINUTES
February 26 2014

Council Chambers, Civic Auditorium
400 N Douty St

RDA Oversight Board- 10:00 AM

ROLL CALL BY THE CITY CLERK:

Chairman John Lehn called the meeting to order at 10:00 AM.

Roll Call:
Present: Steve Corl (SC), Tony Barba (TB), Mike Cavanagh (MC), John Lehn (JL)
Absent: Allison Picard (AP), Melody Haigh (MH), Christine Statton (CS).

Board Member Christine Statton joined the meeting at 10:03 AM, and was introduced as the new representative for the Chancellor of Community Colleges, replacing Mr. Zumwalt.

./. . 0-0.

PUBLIC COMMENT:

None.

./. . 0-0.

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. Review and Approval of Administrative Budget for the period July 1, 2014 to December 31, 2014 by adopting resolution 14-03-OBR.

Motion to approve the administrative budget for the period of July 1, 2014 through December 31, 2014 and resolution 14-03-OBR was made by TB/MC. Motion passed, unanimously (Ayes: SC, TB, MC, CS, JL)

./. . 0-0.

B. Review and approval of the Recognized Obligation Payment Schedule (ROPS) for the period July 1, 2014 to December 31, 2014 by adopting resolution 14-02-OBR.

Motion to approve the ROPS fro the period of July 1, 2014 through December 31, 2014 and resolution 14-02-OBR was made by TB/CS. Motion passed, unanimously (Ayes: SC, TB, MC, CS, JL)

./. . 0-0.

Both items 1 A and 1 B were pulled from the Consent calendar to be discussed individually.

./. . 0-0.

2. PULLED FROM CONSENT TO THE REGULAR AGENDA:

ADJOURNMENT:

The meeting was adjourned at 10:15 AM.

Respectfully Submitted,

Melonie Patrick,
Hanford City Clerk

./. . 0-0.

AGENDA
STAFF REPORT

MEETING DATE:	AGENDA SECTION: 1. A.

SUBJECT:
City Clerk: Approval of the minutes from 2-26-2014 board meeting.

RECOMMENDATION:

BACKGROUND:

FISCAL IMPACT:

ATTACHMENTS:

Description

- OB Minutes 2-26-2014