

PURCHASE AND DEVELOPMENT AGREEMENT PELICAN COMMUNITIES, LLC

(3661, 3645, 3631, 3607, 3605, and 3575 Merrill Avenue)

This Purchase and Development Agreement ("Agreement") is entered into this _____ day of _____, 2016, ("Effective Date"), by and between the CITY OF RIVERSIDE AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public body ("Seller") and PELICAN COMMUNITIES, LLC, a California limited liability company ("Buyer"). In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

1.1 **Property.** Seller owns certain real property identified as Assessor Parcel Numbers: 225-140-001, 225-140-002, 225-140-003, 225-140-004, 225-140-005, and 225-140-006, located at 3661, 3645, 3631, 3607, 3605, and 3575 Merrill Avenue, Riverside, California ("Property"), more particularly described and depicted in Exhibit "A" Legal Description and Plat Map, attached hereto and incorporated herein by reference. This Agreement is conditioned upon Seller obtaining the following approvals from the following agencies (collectively, "Seller Approvals"): the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside ("Successor Agency"), the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Riverside ("Oversight Board") and the State of California Department of Finance ("DOF").

1.2 **Intention.** Buyer desires to purchase in fee the Property from Seller. Seller desires to sell and convey the Property to Buyer for the development of a mixed use residential and commercial project ("Project"). Buyer agrees to purchase in fee the Property from Seller, and Seller Agrees to sell and grant fee title to the Property to Buyer, subject to the terms and conditions of this Agreement.

1.3 **Incomplete Legal Description.** If the legal description of the Property attached to this Agreement is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the title company to issue a title policy hereinafter described.

1.4 **Right of Entry.** After Seller's execution of this Agreement and continuing until Close of Escrow, Seller grants to Buyer and its agents, employees, contractors or subcontractors, the right to enter into and upon the Property for the purpose of conducting a Phase I environmental site assessment, soil testing, environmental and engineering studies, and such further engineering, grading, archeological, geological, survey work or other investigations as may be required for the preparation by Buyer of its development plans for the Property. Buyer must obtain prior written consent from Seller before any intrusive testing is allowed on the Property (a "Right of Entry"). Buyer shall provide Seller with twenty four (24) hours' notice prior to such entry. Prior to entry Buyer shall provide Seller with all certificates of insurance and

additional insured endorsements in the amounts required by Seller, such as, but not limited to commercial general, workers' compensation and automobile. Buyer agrees to keep the Property free and clear of any liens or encumbrances that may arise out of Buyers inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all of such studies and work on the Property including the preparation by Buyer of any plans or maps for the development or use of the Property, and the cost of filing, recording reports, plans, maps or other documents related thereto shall be at the sole cost and expense of and shall be paid by Buyer. Buyer hereby agrees to repair any damage done to the Property by Buyer, its agents, employees, servants or nominees, and Buyer shall restore the Property to the same or similar condition as existed on the date of such entry. Buyer shall not have any such obligation if Escrow closes and title to the Property vests in Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof.

1.5 Due Diligence. Buyer shall have until sixty (60) days from the Effective Date (the "Contingency Date") to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, condition of title, economic, financial, and accounting matters relating to or affecting the Property or its value, and the physical and environmental condition of the Property. Prior to the Contingency Date, Buyer shall have made such inquiries, communicated with local, state and federal government agencies as it sees fit, retained such consultants, and taken such actions as Buyer deems necessary or appropriate to purchase the Property. Should Buyer, its contractors, consultants and agents require entry upon the Property for the purpose of surveying the same, making engineering and environmental tests and conducting such other investigations as approved by Seller, Buyer shall first obtain a Right of Entry from Seller and provide such insurance as Seller may require and hold Seller harmless from any liability which may arise due solely to such entry. Seller authorizes Buyer to make all inquiries of appropriate governmental authorities with respect to the Property, as Buyer, in its good faith and reasonable judgment deems necessary to satisfy itself as to the condition of title to the Property and the feasibility of any proposed development on the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have terminated this Agreement, whereupon this Agreement shall terminate, the Deposit, less the payment of One Hundred Dollars (\$100.00) to Seller, shall be refunded to Buyer, and neither party shall have any further obligation under this Agreement except as expressly provided to survive the termination of this Agreement.

1.6 Assumption of the Risk. Subject to the other provisions of this Agreement, Buyer agrees, that by its acceptance of the Property under Section 1.5, it assumes the risk that an adverse condition of the Property may not have been revealed by its own Due Diligence. On Buyer's acceptance, Seller shall have no obligation to repair, correct, or compensate Buyer for any condition of the Property, including defects in improvements, noncompliance with applicable laws and regulations, including without limitation zoning laws, building codes, and the Americans with Disabilities Act, whether or not such condition of the Property would have been disclosed by Buyer's Due Diligence.

ARTICLE II

PURCHASE PRICE, ESCROW AND DEPOSIT

2.1 **Purchase Price.** The total purchase price to be paid by Buyer to Seller for the Property shall be the sum of One Million Four Hundred Fifty Thousand dollars (\$1,450,000) ("Purchase Price"). The Purchase Price, as adjusted, shall be payable by Buyer to Seller in immediately available funds in accordance with the provisions and requirements of this Agreement. The Purchase Price shall be the full fair market consideration for the Property.

2.1.1 Buyer and Seller have reviewed the Revised Limited Desk Top Environmental Document Review (the "EDR") of the Property provided by G3 Soilworks, and included herein as Exhibit B. Buyer agrees, at its own expense, to conduct the recommended actions as described in the EDR, including additional Phase I & II ESA's. Based on the findings of those recommended actions, Buyer and Seller agree, that should additional actions such as remediation, clean-up, removal of any materials above or below ground become necessary in regard to the Property, and both Buyer and Seller agree those steps should be taken, then Buyer agrees to pay for those steps to be completed, and subject to Seller's review of the scope of work and costs for any necessary work, Seller agrees to credit back to Buyer all of those costs incurred in the form of a Purchase Price reduction at Closing.

2.2 **Escrow.** Upon execution of this Agreement by the parties, Seller shall open an escrow ("Escrow") with Stewart Title Company ("Escrow Holder"). The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.3. **Deposit.** Within ten (10) calendar days following the Effective Date, Buyer shall deliver a deposit in the amount of Forty-three Thousand Five Hundred Dollars (\$43,500) (the "Deposit") to the Escrow Holder which will be applied towards the Purchase Price, at the Close of Escrow, subject however to Seller's right to liquidated damages as set forth in Section 8.5 in the event of Buyer's default. After the Contingency Date, Buyer's Deposit shall become non-refundable but may still be applied toward the Purchase Price at the Close of Escrow. If the transaction contemplated hereby is closed, the Deposit shall be credited against the Purchase Price at Closing. If Buyer terminates this Agreement pursuant to Section 1.5 hereof, or if the transaction contemplated hereby fails to close due to the inability of the Title Company to issue the Title Policy in accordance with Section 3.4 hereof, the Deposit shall be returned to Buyer. If the transaction contemplated hereby fails to close due to a default by Buyer, the Deposit shall be paid to Seller as liquidated damages and not as a penalty, as provided in Section 8.5. If the transaction contemplated hereby fails to close due to the default of Seller, the Deposit shall be returned to Buyer, without prejudice to any and all rights and remedies which Buyer may have at law or in equity.

2.4 **Buyers obligation during Escrow.**

2.4.1 Within ninety (90) days from the Contingency Date ("Developer Period"), Buyer shall submit an application to the City of Riverside ("City") Community & Economic Development Department, Planning Division ("Planning Division") for:

- (a) A lot line adjustment to consolidate Assessor Parcel Nos. 225-140-001, 002, 003, 004, 005, and 006 for development of the Project (if necessary);
- (b) A Project Design Review of Buyer's proposed development of the Project including specific site plan and preliminary elevations ("Project Design"); and
- (c) Entitlements and environmental clearance, as needed, for the Project including any conditional use permits or variances; and
- (d) Any other documents or applications required for the development of the Project ("Entitlements").

2.5 **Seller's Obligation During Escrow.** Buyer, at its sole costs and expense, shall have the right to prepare, process and obtain all permits, approvals, consents, tract maps, annexation, wetlands and wildlife approvals, general plan amendments and other governmental or quasi-governmental approvals and entitlements that Buyer deems desirable in connection with its proposed development of the Property, including without limitation any amendment thereto, from all applicable governmental bodies and agencies. Seller shall, to the extent required, execute an application, map, plan or other related document, in order for the same to be filed, processed, or granted by any applicable governmental or quasi-governmental authority, and shall upon written request of Buyer, execute any and all such applications, maps, plans, or other related documents, within fifteen (15) business days following receipt of such documents by Seller. Seller shall, at no cost or expense to Seller, cooperate with Buyer in Buyer's pursuit of all Entitlements.

ARTICLE III CLOSING

3.1 **Closing Date.** "Closing" or "Close of Escrow" shall occur upon recording of the Grant Deed conveying the Property to Buyer. Close of Escrow shall occur no later than the earlier of (a) 913 days following the Effective Date; or (b) 30 days prior to Buyer obtaining the building permit(s) for the Project (the "Closing Deadline"). Buyer shall be permitted to have 2 extension periods of up to ninety (90) days per period in the event Buyer's Entitlements take longer than reasonably expected by both parties. Close of Escrow is subject to Buyer obtaining all Entitlements and evidence of financing. If the Escrow is not in a condition to close by the Closing Deadline, any party who is not then in default, upon notice in writing to the Escrow Holder and the other party, may demand the return of their documents and/or money and cancellation of the Escrow. Unless objected to in writing within ten (10) days from the receipt of the notice of cancellation, the Escrow will automatically be canceled. If no demand for cancellation is made, then Escrow will close as soon as possible. Notwithstanding the foregoing,

the Close of Escrow may be extended by mutual agreement if the parties are diligently attempting to resolve the issue(s) that may be preventing or delaying the Close of Escrow.

At any time following either (x) approval of a tentative tract map or parcel map pursuant to the Subdivision Map Act or (y) approval of a lot line adjustment to consolidate Assessor Parcel Nos. 225-140-001, 002, 003, 004, 005 and 006 for development of the Project, Buyer may elect to close Escrow prior to the Closed Deadline by delivering at least 30-days prior to written notice to Seller, and Seller shall deliver the Closing Documents pursuant to Section 3.2 on or before the date set forth in the notice from Buyer.

3.2 Closing Documents

3.2.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

- (a) a grant deed sufficient for recording, conveying the Property to Buyer;
- (b) an assignment of Seller's right, title, and interest in and to all intangible property owned or held by Seller in connection with the Property or with the use thereof including, without limitation, all permits, maps, surveys, plans, leases, licenses, and agreements;
- (c) all additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement; and
- (d) a remittance for property maintenance service expenditures paid by Seller between the Effective Date and prior to Close of Escrow, which is to be deducted from the net proceeds of the sale of the Property.

3.2.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

- (a) the Purchase Price to be paid to Seller and other cash charges provided for in this Agreement, adjusted by all prorations, credits, allowances and other adjustments provided herein;
- (b) copies of Buyer's authority documents and/or such other documents and instruments evidencing Buyer's due

existence and authority to enter into and consummate the sale of the Property contemplated by this Agreement as Seller or Escrow Holder may require;

- (c) evidence of Entitlements and a remittance evidencing all costs of obtaining the lot line adjustment;
- (d) proof of financing and/or cash funding for the construction of the Project, such as a development pro-forma demonstrating the total construction costs and anticipated leasing revenue; and
- (e) all additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.3 Taxes. Buyer understands and acknowledges that Seller, as a municipal corporation, is not being assessed for any real property taxes or for any special assessments. However, upon the Close of Escrow, Buyer understands and acknowledges that real property taxes and special assessments will be assessed against the Property for the period following Closing and Buyer will be responsible for the same. Buyer agrees to hold Seller harmless for any and all real property taxes and/or special assessments on the Property assessed on and after Close of Escrow.

3.4 Condition of Title. Seller shall convey fee simple merchantable and insurable title of the Property to Buyer free and clear of all liens, restrictions, delinquent taxes and assessments, and encumbrances as evidenced by a CLTA Owner's Title Insurance Policy, or at the request of Buyer, an ALTA extended owner's title insurance policy ("Title Policy") issued by a title insurance company to be selected by Seller (the "Title Company") in an amount equal to the purchase price. The Title Policy shall show as exceptions with respect to the Property only matters approved in writing by Buyer. Any exceptions to title representing monetary liens or encumbrances may, at the discretion of Buyer, be disapproved by Buyer, and upon the direction of the Buyer, Escrow Holder is hereby authorized and instructed to cause the re-conveyance or partial re-conveyance, as the case may be, of any such monetary exceptions to Buyer's title to the Property at or prior to the Close of Escrow.

3.5 Costs. Seller shall be responsible for 50% of escrow fees and 100% of a CTLA title policy for Buyer. Buyer shall be responsible for (i) 50% of all escrow fees; (ii) the cost of any and all surveys (iii) all recording fees and any and all state, county, and local governmental transfer taxes, documentary or otherwise, and/or the cost of documentary stamps to be affixed to the instrument or instruments of conveyance; (iv) any taxes disclosed in Section 3.3; (v) any other expenses customarily charged to Buyer in connection with similar transactions including its own attorney's fees; and any costs for an ALTA extended coverage title policy. Buyer and Seller agree to make other prorations, credits, adjustments, and/or allowances as shall be appropriate so

as to reflect an appropriate allocation of payments made before and/or after the Closing Date arising with respect to Property utilities and other costs applicable to the Property accruing prior to Closing.

3.6 **Brokerage Commissions.** Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or person, who can claim a commission or finder's fee as a procuring cause of the sale contemplated in this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based on any contract, dealings, or communication with a party (Indemnifying Party), then the Indemnifying Party shall indemnify, defend, and hold the other party (Nonindemnifying Party) harmless from all costs and expenses (including reasonable attorney fees and costs of defense) incurred by the Nonindemnifying Party in connection with such claim.

ARTICLE IV "AS-IS" PURCHASE

4.1 **As-Is Information.** Buyer acknowledges, agrees, represents, and warrants that: (a) any information supplied or made available by Seller, whether written or oral, or in the form of maps, surveys, plats, soils reports, engineering studies, environmental studies, inspection reports, plans, specifications, or any other information whatsoever, without exception, pertaining to the Property, any and all records and other documents pertaining to the use of the Property, income thereof, the cost and expenses of maintenance thereof, and any and all other matters concerning the condition, suitability, integrity, marketability, compliance with law, or other attributes or aspects of the Property, or a part thereof, if furnished to Buyer, is furnished solely as a courtesy; (b) THE INFORMATION IS PROVIDED ON AN "AS-IS, WHERE-IS" BASIS AND SELLER MAKES NO REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, AS TO THE INFORMATION; and (c) except as expressly set forth in this agreement no representations have been made by Seller, or its agents or employees, in order to induce Buyer to enter into this Agreement. Without limiting the generality of the foregoing, Buyer acknowledges, agrees, warrants and represents to Seller that neither the Seller nor its agents or employees have made any representations or statements to Buyer concerning the Property's investment potential or resale at any future date, at a profit or otherwise, except as expressly set forth in this agreement nor has Seller or its agents or employees rendered any advice or expressed any opinion to Buyer regarding any tax consequences of ownership of the Property.

4.2 **As-Is Property.** On the Close of Escrow, Buyer will be familiar with the Property and will have made such independent investigations as Buyer deems necessary or appropriate concerning the Property. Except as expressly set forth in this agreement Seller makes no representations or warranties and specifically disclaims any representation, warranty or guaranty, oral or written, past, present or future with respect to the use, physical condition or any other aspect of the Property, the conformity of the Property to past, current or future applicable zoning or building code requirements or the compliance with any other laws, rules, ordinances,

or regulations of any government or other body, the financial earning capacity or expenses history of the operation of the Property, the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition, or otherwise, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, sufficiency of drainage, whether the Property is located wholly or partially in a flood plain or a flood hazard boundary or similar area, the existence or nonexistence of hazardous waste or other toxic materials of any kind, whether known or unknown and whether or not regulated or governed by applicable laws (including, without limitation, hydrocarbons or asbestos), or any other matter affecting the condition, stability, suitability or integrity of the Property or portion thereof.

4.3 Negligence or Failure to Investigate. Seller shall not be responsible for any negligent misrepresentation or failure to investigate the Property on the part of Seller, any real estate broker or agent, or any other agent, contractor or employee of Seller or any third party.

4.4 As-Is. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE PROPERTY IS BEING SOLD AND ACCEPTED ON AN "AS-IS, WHERE-IS" BASIS, AND IS BEING ACCEPTED WITHOUT ANY REPRESENTATION OR WARRANTY. IF BUYER ELECTS TO PROCEED WITH THE PURCHASE OF THE PROPERTY, ANY OBJECTIONS WHICH BUYER MAY HAVE WITH RESPECT TO THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL MATTERS, HAZARDOUS SUBSTANCES, WASTES OR TOXIC MATERIALS THAT MAY BE LOCATED ON, UNDER OR ABOUT THE PROPERTY, WHETHER KNOWN OR UNKNOWN) SHALL BE WAIVED BY BUYER.

4.5 Past Uses. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES AS PART OF ITS ACCEPTANCE OF THE PROPERTY ON AN "AS-IS, WHERE-IS" BASIS THAT BUYER IS AWARE OF ALL PRIOR USES OF THE PROPERTY THAT MAY LEAD TO CONTAMINATION OF THE PROPERTY. BUYER HAS OBTAINED AND READ ALL ENVIRONMENTAL ASSESSMENTS REGARDING THE PROPERTY WHICH A REASONABLY DILIGENT BUYER WOULD HAVE OBTAINED PRIOR TO THE PURCHASE THEREOF. BUYER ASSUMES ALL RESPONSIBILITY FOR ANY CONTAMINATION THAT IS PRESENT ON THE PROPERTY DUE TO PRIOR AND/OR EXISTING USES OF THE PROPERTY.


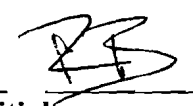
4.6 Waivers. AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY "AS-IS, WHERE-IS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY AND IT IMPROVEMENTS. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF

HABITABILITY, STRICT LIABILITY RIGHTS AND CLAIMS OF EVERY KIND AND TYPE, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, ANY RIGHTS AND CLAIMS RELATING OR ATTRIBUTABLE TO ENVIRONMENTAL CONDITIONS, ALL OTHER ACTUAL OR LATER CREATED OR CONCEIVED OR STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

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

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SAID SECTION 1542 IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING ACKNOWLEDGMENTS, WAIVERS AND RELEASES SET FORTH IN THIS ARTICLE 4.



Buyer's Initials

ARTICLE V REPRESENTATIONS AND WARRANTIES

5.1 Seller's Representations, Warranties and Covenants. Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

5.1.1 Seller is a public body and has the full power and authority to enter into and carry out the agreements contained in, and transactions contemplated by, this Agreement. The person(s) signing this Agreement and any documents and instruments in connection herewith on behalf of Seller have full power and authority to do so. This Agreement has been duly authorized and executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Seller.

5.1.2 There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Seller or filed by Seller, or to the best of Seller's knowledge, pending in any current judicial or administrative proceeding against Seller.

5.1.3 Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

5.1.4 To Seller's knowledge, Seller has received no written notice of any hazardous materials located on, under, or about the Property, except as disclosed to Buyer.

5.1.5 The Seller has not received any notice or notices, either oral or in writing (i) of any judicial or administrative action, or any action by adjacent landowners, which would prevent, limit or in any manner interfere with the Project or (ii) any action, suit or proceeding pending or threatened against or affecting the Property, or any portion of the Property, relating to or arising out of the State, County or City department, commission, board, bureau or agency or other government instrumentality.

5.1.6 Except upon application from Buyer, Seller shall not take action that may result in any change in the status of the development rights and/or entitlements (including, without limitation, zoning matter) affecting the Property.

5.1.7 Seller maintains, and will continue to maintain through the Closing Date the property management of the Property.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. Prior to the Close of Escrow, Seller shall notify Buyer of any facts or circumstances which are contrary to the foregoing representations and warranties. Seller is responsible for property maintenance services at Seller's sole cost and expense between the Effective Date and prior to the Close of Escrow of the Property. The cost paid for property maintenance services during this period will be deducted from the net proceeds of the sale of the Property. Seller agrees to provide reasonable and proper assistance to Buyer in processing applications and all necessary entitlements and permits to effectuate the purpose of this Agreement.

5.2 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

5.2.1 Buyer has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The person(s) signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so. This Agreement has been duly authorized and executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

5.2.2 There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. Prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

5.3 No Warranties. Except for those representations and warranties expressly set forth in this Agreement, the parties understand and acknowledge that no person acting on behalf of Seller is authorized to make, and by execution hereof Buyer acknowledges that no person has made any representations, agreement, statement, warranty, guaranty or promise regarding the Property or the transaction contemplated herein, or regarding the zoning, construction, development, physical condition or other status of the Property. Without limiting the generality of the foregoing, Seller makes no representation or warranties with respect to the amount or types of fees required to obtain building permits or otherwise to rezone and develop the Property.

ARTICLE VI BUYER'S OBLIGATIONS AFTER CLOSE OF ESCROW

6.1 Buyer's Obligations Following the Close of Escrow Following the Close of Escrow, Buyer is defined as the fee owner of the Property. Buyer agrees to take the following actions following Close of Escrow:

6.1.1. Buyer shall comply with all design standards, zoning, planning and building laws, regulations and review procedures imposed by the City of Riverside and any other public and/or quasi-public entity.

6.1.2 Buyer shall construct a mixed use residential and commercial project on the Property and obtain a Certificate of Occupancy before such development may be deemed fully developed.

6.1.3 Buyer shall commence construction not later than three hundred sixty five (365) days after the Close of Escrow, subject to force majeure delays (including, without limitation, acts of destruction by nature). Failure to commence construction as required herein shall result in the payment of a Five Hundred Dollar (\$500) per diem penalty by Buyer to the Seller for failure to begin construction within one hundred eighty (180) days after the Close of Escrow. Notwithstanding the foregoing, upon mutual written agreement of the Buyer and Seller, the construction deadline may be extended for up to three (3) months.

6.1.4 Buyer shall complete construction within nine hundred thirteen (913) days from start of construction. Failure to complete construction as required herein shall result in the payment of a Five Hundred Dollar (\$500) per diem penalty by Buyer to the Seller for failure to complete construction within nine hundred thirteen (913) days from start of construction. Buyer shall be permitted to have 2 extension periods of up to ninety (90) days per period in the event Buyer's contractor incurs a labor strike, lock out, or any material shortages that are beyond Buyer's control.

6.1.5 Buyer shall comply with all design standards, zoning, planning and building laws, regulations and review procedures imposed with respect to the Property by the City, and any other public and/or quasi-public entity.

6.2 **Sale to Tax-Exempt Entity Prohibited.** Buyer is prohibited from selling or transferring the Property to any entity that is exempt from paying real property taxes.

ARTICLE VII DEFAULTS

7.1 **Default.** A party shall be deemed in default hereunder if any of the warranties or representations set forth herein are or become untrue or if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

7.2 **Opportunity to Cure.** No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) business days in the case of a non-monetary default, or five (5) business days in the case of a monetary default. The parties agree that all notices of default in order to be effective must state with reasonable specificity (a) the nature of the default, (b) the reasonable actions which the defaulting party must take to cure such default, and (c) the time in which such action must be taken. In the event that a default cannot be cured within a fifteen (15) day period, as long as the defaulting party is diligently attempting to cure such default, the parties can mutually agree to extend the time period in which the default must be cured.

7.3 Remedies

7.3.1 **Buyer's Default.** If Buyer is deemed to be in default hereunder following the Contingency Date and before Close of Escrow, Seller shall be entitled to termination of this Agreement and shall retain the Deposit as liquidated damages as set forth in Section 8.5 below.

7.3.2 **Seller's Default.** In the event Seller shall default under any of the terms and provisions of this Agreement, on or prior to Closing, Buyer shall have the right, to terminate Buyer's obligations under this Agreement and the Escrow created hereby in which event Buyer shall be entitled to collect damages for Buyer's reasonable costs and expenses ("Costs and Expenses") incurred for the project, by providing written documentation of said Actual Costs and Expenses, which amount shall not exceed \$750,000.

7.3.3 The foregoing remedies set forth in this Section 7.3 are the parties' sole and exclusive remedies with respect to default hereunder, and each party waives any and all

other remedies that may be available at law or in equity in connection with the other party's default.

ARTICLE VIII MISCELLANEOUS

8.1 **CEQA Compliance.** Buyer and Seller understand, acknowledge and agree that the close of this escrow is contingent upon Seller's compliance with the California Environmental Quality Act ("CEQA"). Buyer must comply with CEQA prior to development of the Property.


8.2 **Exhibits.** All Exhibits annexed hereto are a part of this Agreement for all purposes.

8.3 **Assignability.** Prior to Close of Escrow, Buyer may not assign this Agreement without Seller's written consent and the approvals of the Successor Agency, Oversight Board, and the State of California Department of Finance; except Buyer may assign all of its rights, title, and interest in and to this Agreement prior to Close of Escrow to any affiliate or any subsidiary without the prior written consent of Seller or the approvals of the Successor Agency, Oversight Board, and the State of California Department of Finance. Seller's consent shall not be unreasonably withheld. As used herein, an "affiliate" or "subsidiary" shall mean any entity which is controlled by or is under common control with Buyer.

8.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors and permitted assigns.

8.5 **Liquidated Damages.** BUYER AND SELLER AGREE THAT AT THE TIME THIS AGREEMENT IS MADE AND ENTERED INTO, SELLER'S DAMAGES UPON DEFAULT BY BUYER UNDER THIS AGREEMENT ARE EXTREMELY DIFFICULT OR IMPOSSIBLE TO CALCULATE AND BUYER AND SELLER AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES SET FORTH HEREIN IS A REASONABLE ESTIMATE UNDER THE CIRCUMSTANCES EXISTING AT THE TIME THIS AGREEMENT IS MADE OF THE DAMAGES SELLER WOULD SUSTAIN BECAUSE OF SUCH DEFAULT BY BUYER UNDER THIS AGREEMENT. FURTHER, BUYER DESIRES TO HAVE A LIMIT PLACED ON THE AMOUNT OF DAMAGE TO BE PAID TO SELLER UPON BUYER'S DEFAULT. BUYER HEREBY AGREES THAT SHOULD BUYER DEFAULT IN THE PERFORMANCE OF BUYER'S OBLIGATION TO CLOSE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, SELLER SHALL BE ENTITLED TO COLLECT THE SUM REPRESENTING THE AMOUNT OF THE DEPOSIT AND REASONABLE ATTORNEY'S FEES INCURRED BY SELLER AS LIQUIDATED DAMAGES FROM BUYER. THE FOREGOING PROVISIONS OF THIS SECTION 8.5 CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER AS A RESULT OF A DEFAULT BY BUYER OF ITS OBLIGATIONS UNDER THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 8.5 DO NOT LIMIT ANY DAMAGES DUE SELLER BY REASON OF BUYER'S ENTRY ONTO THE PROPERTY

PURSUANT TO SECTION 1.4. IF SELLER IS ENTITLED TO THE DEPOSIT IN ACCORDANCE WITH THIS SECTION 8.5, BUYER AGREES TO DELIVER, ON WRITTEN REQUEST OF SELLER, SUCH INSTRUCTIONS AS MAY BE REASONABLY NECESSARY TO CAUSE THE ESCROW HOLDER TO DELIVER THE DEPOSIT TO SELLER.


Buyer's Initials

Seller's Initials

8.6 **Captions.** The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

8.7 **Number and Gender of Words.** Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

8.8 **Notices.** All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

If to Seller: Successor Agency of the Redevelopment Agency
The City of Riverside
Community & Economic Development Department
Real Property Services Division
3900 Main Street
Riverside, CA 92522
Attn: David Welch, Real Property Services Manager
Phone: (951) 826-5665
Facsimile: (951) 826-5744

If to Buyer: Pelican Communities, LLC
1300 Quail Street, Suite 100
Newport Beach, CA 92660
Attention: Richard Hamm, Principal
Phone: (949) 263-9210

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Additionally, notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

8.9 **Governing Law and Venue.** The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of Riverside, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

8.10 **Entirety.** This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

8.11 **Amendments.** This Agreement may be amended or supplemented only by written documents signed by the parties or their designated representatives as designated at the time of execution of this document.

8.12 **Severability.** If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

8.13 **Further Acts.** In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

8.14 **Construction.** No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, being represented by counsel, having fully participated in the negotiation of this instrument.

8.15 **Time of the Essence.** It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

8.16 **Waiver of Covenants, Conditions or Remedies.** The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such

party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

8.17 **Nondiscrimination.** The parties shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical or mental disability, medical conditions, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, genetic information, gender, gender identity, genetic expression, sex or sexual orientation, in connection with the performance of this Agreement. The parties further agree to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

8.18 **Ratification.** This Agreement may be subject to the approval and ratification by the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside, the Oversight Board and the State of California Department of Finance. In the event the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside, the Oversight Board or the State of California Department of Finance fails to approve this Agreement, there shall be no liability on the part of the Seller, the Deposit shall be returned to Buyer and thereafter this Agreement shall become null and void and of no further force and effect.

8.19 **Counterparts.** This Agreement may be executed in a number of identical counterparts. If so executed, each of such counterparts shall, collectively, constitute one original agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

8.20 **Force Majeure.** If either Buyer is delayed, hindered in or prevented from the performance of any act required under this Agreement by failure of power, riots, civil unrest or insurrection, war, fire, earthquake, flood or other natural disaster, unusual and unforeseeable delay which results from an interruption of any public utilities (e.g. electricity, gas, water, telephone) or other unusual and unforeseeable delay not within the reasonable control of Buyer, then performance of such act will be excused for the period of the delay and the period for performance of any such act will be extended for a period equivalent to the period of such delay.

8.21 **Recording.** This Agreement shall not be recorded. Upon request, a memoranda hereof containing the names of the parties, the duration of the Agreement and the legal description of the Property, shall be recorded by the parties.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

Seller:

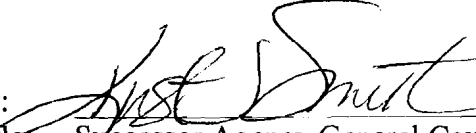
THE CITY OF RIVERSIDE AS
SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF
THE CITY OF RIVERSIDE, a public body

By: _____
Title: City Manager on behalf of the
Successor Agency to the
former Redevelopment Agency for
the City of Riverside

ATTESTED TO:

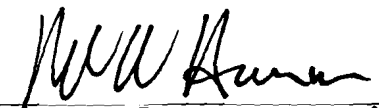
By: _____
Title: City Clerk on behalf of the
Successor Agency to the
former Redevelopment Agency for
the City of Riverside

APPROVED AS TO FORM:

By: 
Title: Successor Agency General Counsel

Buyer:

PELICAN COMMUNITIES, LLC,
a California limited liability company

By: 
Printed Name: Richard W Haman
Title: Principal

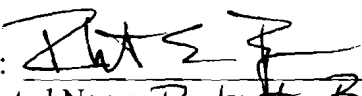
By: 
Printed Name: Robert Boyer
Title: Principal/Member

EXHIBIT “A”

LEGAL DESCRIPTION AND PLAT MAP

EXHIBIT "A"
LEGAL DESCRIPTION

Merrill Avenue Surplus
APN: 225-140-001

That certain real property in the City of Riverside, County of Riverside, State of California, described as follows:

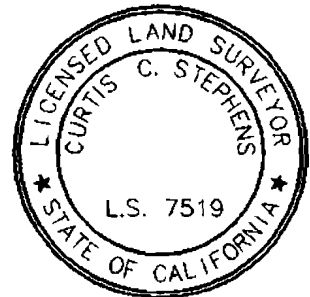
Parcel 3 of Record of Survey filed in Book 36, Page 57, of Records of Surveys, Records of said Riverside County;

EXCEPTING THEREFROM the northerly 1.50 feet as described in a Grant Deed to the City of Riverside for public street and utility purposes recorded April 5, 1961, as Instrument No. 28902 of Official Records of said Riverside County.

SUBJECT TO a permanent easement and right-of-way for electric energy transmission and communication facilities as described in Easement document recorded July 31, 2014, as Document No. 2014-0289272 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 11/15/16 Prep. (3)
Curtis C. Stephens, L.S. 7519 Date





UNION PACIFIC RAILROAD

N89°21'10"E

AREA DEEDED TO THE CITY OF
RIVERSIDE PER INSTRUMENT
NO. 28902 REC. 4/5/1961

ALLEY

PAR. 1

N00°28'30"W
170.41

PAR. 2

N00°28'45"W
170.76

R/S

15' P.U.E.
7/31/14
#2014-0289272

36/57

PAR. 3

APN 225-140-001

N00°28'30"W
170.99

PAR. 4

117.77'

117.00'

117.00'

117.00'

44'

MERRILL

N89°31'30"E

AVENUE

44'

DE ANZA
AVENUE

• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE
ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=60'

DRAWN BY: CURT

DATE: 11/9/16

SUBJECT: 3661 MERILL - 225-140-001

EXHIBIT "A"
LEGAL DESCRIPTION

Merrill Avenue Surplus
APN: 225-140-002

That certain real property in the City of Riverside, County of Riverside, State of California, described as follows:

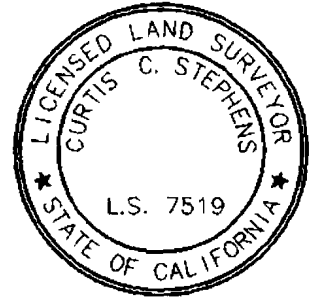
Parcel 4 of Record of Survey filed in Book 36, Page 57 of Record of Surveys, Records of said Riverside County;

EXCEPTING THEREFROM the northerly 1.50 feet as described in a Grant Deed to the City of Riverside for public street and utility purposes recorded April 5, 1961, as Instrument No. 28902 of Official Records of said Riverside County;

SUBJECT TO a permanent easement and right-of-way for electric energy transmission and communication facilities as described in Easement document recorded October 22, 1965, as Instrument No. 121105 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 11/15/19 Prep. CS
Curtis C. Stephens, L.S. 7519 Date





UNION PACIFIC RAILROAD

N89°21'10"E

AREA DEEDED TO THE CITY OF
RIVERSIDE PER INSTRUMENT
NO. 28902 REC. 4/5/1961

ALLEY

117.00'

R/S

PAR. 2

117.00'

36/57

6'X60' P.U.E.

10/22/65

#121105 O.R.

PAR. 3

APN 225-140-001

117.00'

PAR. 4

1

N00°28'30"W

170.41

N00°28'45"W

170.76

N00°28'30"W

170.99

N00°28'30"W

170.87

117.77'

117.00'

117.00'

117.00'

44'

MERRILL

N89°31'30"E

AVENUE

44'

TO DE ANZA AVE

• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE
ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=60'

DRAWN BY: CURT

DATE: 11/9/16

SUBJECT: 3645 MERILL - 225-140-002

EXHIBIT "A"
LEGAL DESCRIPTION

Merrill Avenue Surplus
APN: 225-140-003



That certain real property in the City of Riverside, County of Riverside, State of California, described as follows:

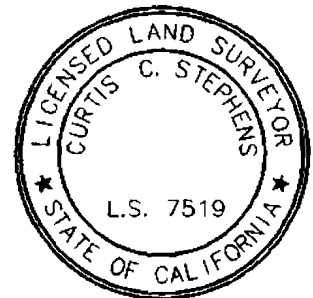
Parcel 1 of Record of Survey filed in Book 34, Page 23 of Record of Surveys, Records of said Riverside County;

EXCEPTING THEREFROM the northerly 1.50 feet as described in a Grant Deed to the City of Riverside for public street and utility purposes recorded April 5, 1961, as Instrument No. 28902 of Official Records of said Riverside County;

SUBJECT TO a permanent easement and right-of-way for electric energy transmission facilities as described in Easement document recorded June 30, 1967, as Instrument No. 57340 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

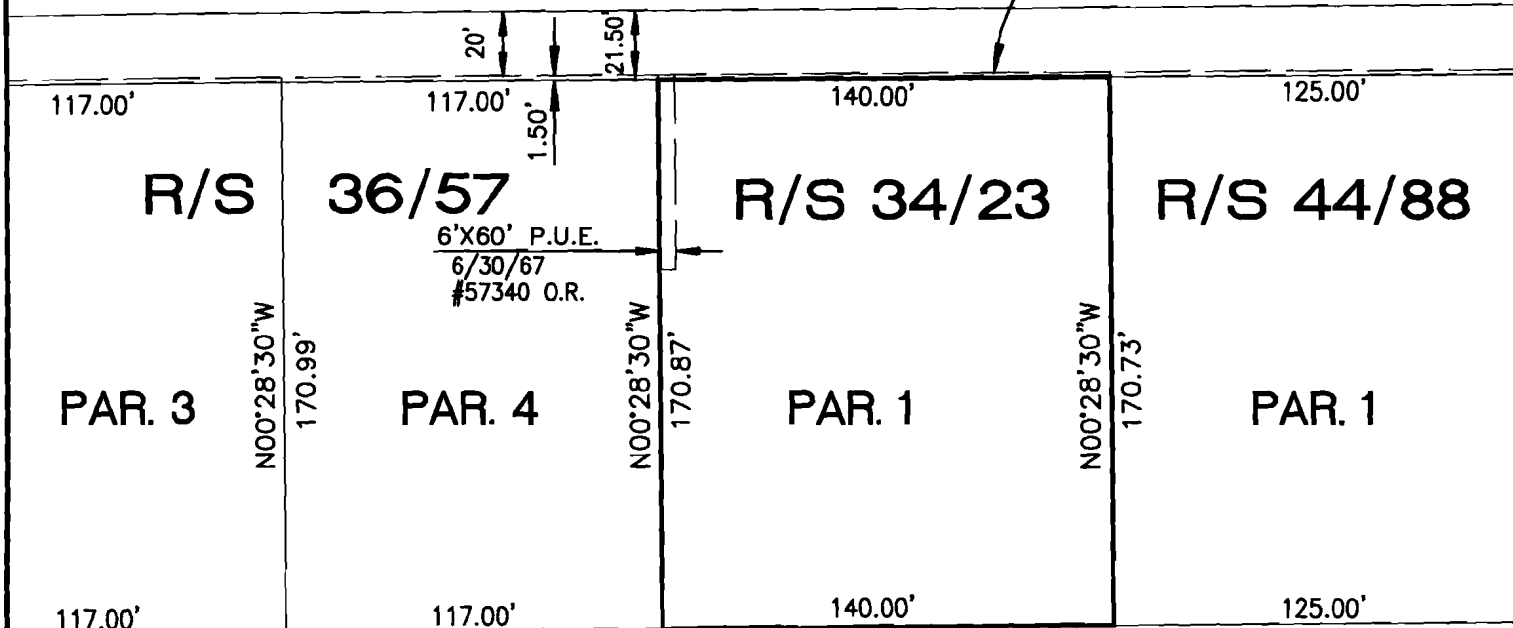
 11/5/16 Prep. 
Curtis C. Stephens, L.S. 7519 Date





UNION PACIFIC RAILROAD

AREA DEEDED TO THE CITY OF
RIVERSIDE PER INSTRUMENT
NO. 28902 REC. 4/5/1961



44'

MERRILL

N89°31'30\"E

AVENUE

44'

TO DE ANZA AVE

TO RIVERSIDE AVE

• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE
ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=60'

DRAWN BY: CURT

DATE: 11/9/16

SUBJECT: 3631 MERRILL - 225-140-003

EXHIBIT "A"
LEGAL DESCRIPTION

Merrill Avenue Surplus
APN: 225-140-004, 005 & 006

That certain real property in the City of Riverside, County of Riverside, State of California, described as follows:



That portion of the Southwest Quarter of the Northeast Quarter of Section 34, Township 2 South, Range 5 West, San Bernardino Meridian, described as follows:

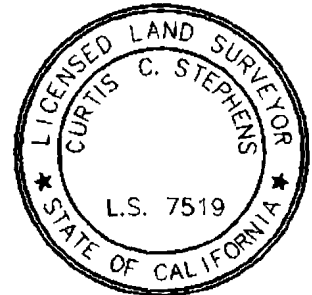
Parcels 1, 2 and 3 of Record of Survey filed in Book 44, Page 88 of Record of Surveys, Records of said Riverside County;

EXCEPTING THEREFROM the northerly 1.50 feet as described in a Grant Deed to the City of Riverside for public street and utility purposes recorded April 5, 1961, as Instrument No. 28902 of Official Records of said Riverside County.

SUBJECT TO a permanent easement and right-of-way for storm drain facilities as described in Easement document recorded July 31, 2014, as Document No. 2014-0289273 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

 11/15/16 Prep. 
Curtis C. Stephens, L.S. 7519 Date

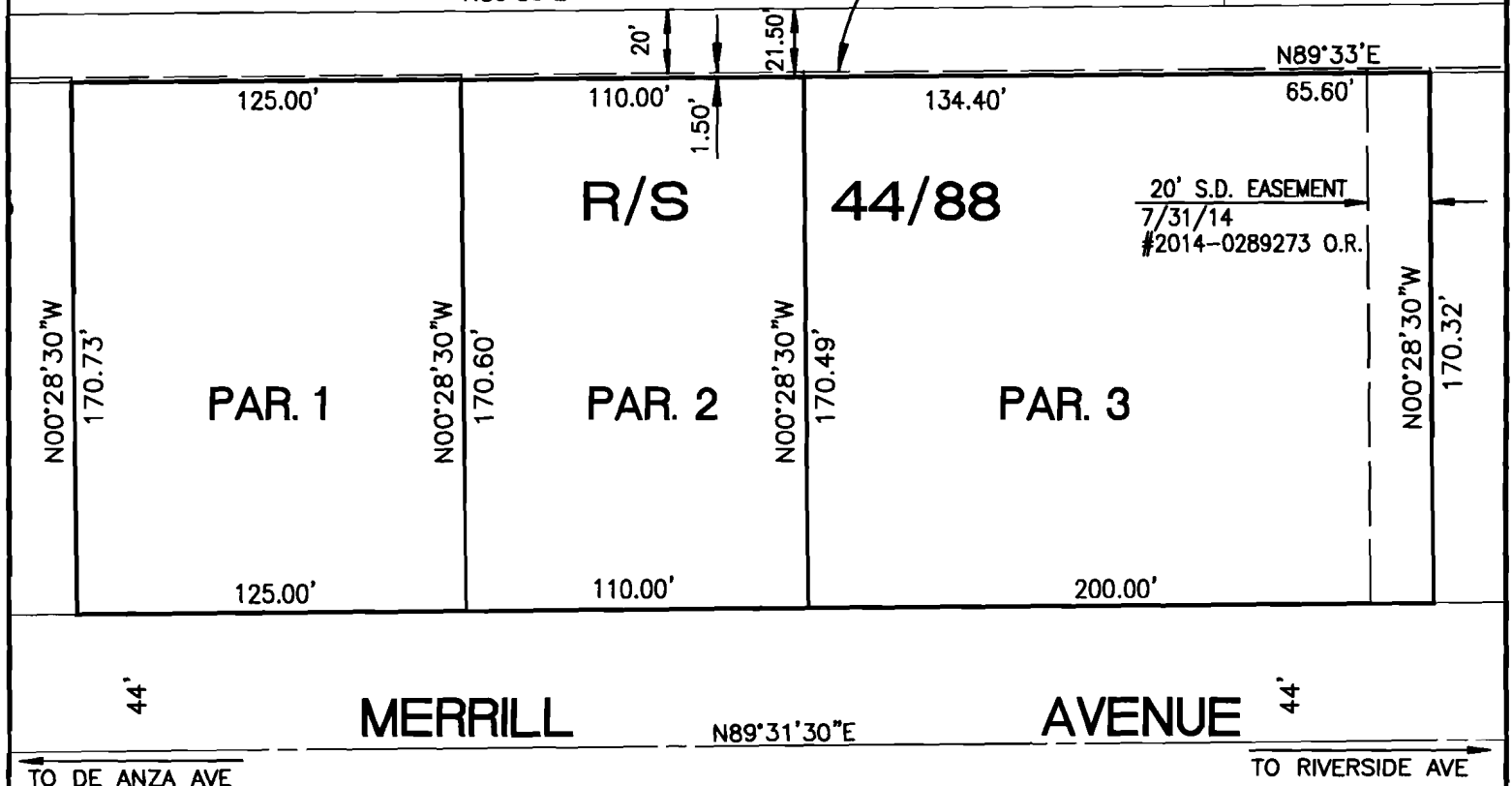




UNION PACIFIC RAILROAD

N89°35'E

AREA DEEDED TO THE CITY OF
RIVERSIDE PER INSTRUMENT
NO. 28902 REC. 4/5/1961



• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE
ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=60'

DRAWN BY: CURT

DATE: 11/9/16

SUBJECT: 3617-3575 MERRILL - 225-140-004, -005 & -006