

CITY COUNCIL
Lori Wilson, Mayor
Michael A. Segala, Mayor Pro-Tem
Anthony Adams
Jane Day
Wanda Williams



CITY COUNCIL MEETING
First and Third Tuesday
Every Month

A G E N D A

SPECIAL MEETING OF THE SUISUN CITY COUNCIL

AND

SUISUN CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY

TUESDAY, NOVEMBER 5, 2019

5:30 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

NOTICE

Pursuant to Government Code Section 54953, Subdivision (b), the following City Council meeting includes teleconference participation by Council /Board Member Jane Day from: 301 Morgan Street, Suisun City, CA 94585.

ROLL CALL

Council / Board Members

PUBLIC COMMENT

(Request by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3. Comments are limited to no more than 3 minutes unless allowable by the Mayor/Chair. Speaker cards are available on the table near the entry of the meeting room and should be given to the City Clerk. By law, no prolonged discussion or action may be taken on any item raised during the public comment period, although informational answers to questions may be given and matters may be referred for placement on a future agenda.)

CONFLICT OF INTEREST NOTIFICATION

(Any items on this agenda that might be a conflict of interest to any Councilmembers / Boardmembers should be identified at this time.)

CLOSED SESSION

Pursuant to California Government Code Section 54950 the Suisun City Council and Successor Agency will hold a Closed Session for the purpose of:

City Council / Successor Agency

1. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Discussion of potential exposure to litigation pursuant to Government Code Section 54956.9(d)(2) – (1 potential case).

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340
SUCCESSOR AGENCY 421-7309 FAX 421-7366

2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8 Real Property Identified as: Harbor Theater, 720 Main Street.

Negotiating Party: City Manager

Subject: Price and Terms of Payment

Parties Negotiating With: Creative Arts Council

CONVENE OPEN SESSION

Announcement of Actions Taken, if any, in Closed Session.

ADJOURNMENT

A complete packet of information containing staff reports and exhibits related to each item for the open session of this meeting, and provided to the City Council, are available for public review at least 72 hours prior to a Council /Agency/Authority Meeting at Suisun City Hall 701 Civic Center Blvd., Suisun City. Agenda related writings or documents provided to a majority of the Council/Board/Commissioners less than 72 hours prior to a Council/Agency/Authority meeting related to an agenda item for the open session of this meeting will be made available for public inspection during normal business hours. An agenda packet is also located at the entrance to the Council Chambers during the meeting for public review. The City may charge photocopying charges for requested copies of such documents. Assistive listening devices may be obtained at the meeting

PLEASE NOTE:

1. The City Council/Agency/Authority hopes to conclude its public business by 11:00 P.M. Ordinarily, no new items will be taken up after the 11:00 P.M. cutoff and any items remaining will be agendized for the next meeting. The agendas have been prepared with the hope that all items scheduled will be discussed within the time allowed.
2. Suisun City is committed to providing full access to these proceedings; individuals with special needs may call 421-7300.
3. Agendas are posted at least 72 hours in advance of regular meetings at Suisun City Hall, 701 Civic Center Boulevard, Suisun City, CA. Agendas may be posted at other Suisun City locations including the Suisun City Fire Station, 621 Pintail Drive, Suisun City, CA, and the Suisun City Senior Center, 318 Merganser Drive, Suisun City, CA.

I, Donna Pock, Deputy City Clerk for the City of Suisun City, declare under penalty of perjury that the above agenda for the meeting of November 5, 2019 was posted and available for review, in compliance with the Brown Act.

CITY COUNCIL
Lori Wilson, Mayor
Michael A. Segala, Mayor Pro-Tem
Anthony Adams
Jane Day
Wanda Williams



CITY COUNCIL MEETING

First and Third Tuesday
Every Month

A G E N D A

REGULAR MEETING OF THE SUISUN CITY COUNCIL

SUISUN CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY,

AND HOUSING AUTHORITY

TUESDAY, NOVEMBER 5, 2019

6:30 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

NOTICE

*Pursuant to Government Code Section 54953, Subdivision (b), the following Council/Successor Agency/Housing Authority meeting includes teleconference participation by:
Council/Board Member Jane Day from: 301 Morgan Street, Suisun City, CA 94585.*

(Next Ord. No. – 765)

(Next City Council Res. No. 2019 – 109)

Next Suisun City Council Acting as Successor Agency Res. No. SA2019 - 06)

(Next Housing Authority Res. No. HA2019 – 06)

ROLL CALL

Council / Board Members

Pledge of Allegiance

Invocation

PUBLIC COMMENT

(Request by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3. Comments are limited to no more than 3 minutes unless allowable by the Mayor/Chair. Speaker cards are available on the table near the entry of the meeting room and should be given to the City Clerk. By law, no prolonged discussion or action may be taken on any item raised during the public comment period, although informational answers to questions may be given and matters may be referred for placement on a future agenda.)

CONFLICT OF INTEREST NOTIFICATION

(Any items on this agenda that might be a conflict of interest to any Councilmembers / Boardmembers should be identified at this time.)

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320

FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340

SUCCESSOR AGENCY 421-7309 FAX 421-7366

REPORTS: (Informational items only.)

1. Cannabis Update – (Folsom/Williams/Adams: gfolson@suisun.com, wwilliams@suisun.com, aadams@suisun.com).

PRESENTATIONS/APPOINTMENTS

(Presentations, Awards, Proclamations, Appointments).

2. Proclamation: Not Presented
 - a. Proclamation Proclaiming November 1, 2019 – November 3, 2019 as “Virgil’s Bait Shop Striper Derby Days” – (Wilson: lwilson@suisun.com).

CONSENT CALENDAR

Consent calendar items requiring little or no discussion may be acted upon with one motion.

City Council

3. Council Adoption of Resolution No. 2019-___: Authorizing the City Manager to Execute a Two-Year Agreement for \$80,000 with Options to Extend Between Solano Transportation Authority (STA) and the City of Suisun City for a Facility Maintenance/Custodial Services for the Suisun City Train Depot - (Medill: mmedill@suisun.com).
4. Council Adoption of Resolution No. 2019-___: Authorizing the City Manager to Execute Amendment Number One (1) of the Agreement with the State of California for Maintenance of State Highways in the City of Suisun City - (Medill: mmedill@suisun.com).
5. Council Adoption of Resolution No. 2019-___: A Resolution of Intent to Sell Two Parcels Owned by the City (Assessor Parcel Numbers 0173-010-210 and 0173-010-220) located at 320 and 322 Merganser Drive and Authorize the City Manager to Take any and all Actions Necessary to Move Forward with the Sale of the Property – (Folsom: gfolson@suisun.com).

Joint City Council / Suisun City Council Acting as Successor Agency/Housing Authority

6. Council/Agency/Authority Accept the Investment Report for the Quarter Ending September 30, 2019 – (Luna: eluna@suisun.com).

PUBLIC HEARINGS**GENERAL BUSINESS****City Council**

7. Discussion and Direction on Recent California Wildfires and City’s Ability to Respond in a Fire Emergency – (Folsom: gfolson@suisun.com).

REPORTS: (Informational items only.)

8.
 - a. Council/Boardmembers
 - b. Mayor/Chair
9. City Manager/Executive Director/Staff

PUBLIC COMMENT

(Additional time for request by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda limited to no more than 3 minutes.)

ADJOURNMENT

A complete packet of information containing staff reports and exhibits related to each item for the open session of this meeting, and provided to the City Council, are available for public review at least 72 hours prior to a Council /Agency/Authority Meeting at Suisun City Hall 701 Civic Center Blvd., Suisun City. Agenda related writings or documents provided to a majority of the Council/Board/Commissioners less than 72 hours prior to a Council/Agency/Authority meeting related to an agenda item for the open session of this meeting will be made available for public inspection during normal business hours. An agenda packet is also located at the entrance to the Council Chambers during the meeting for public review. The City may charge photocopying charges for requested copies of such documents. Assistive listening devices may be obtained at the meeting

PLEASE NOTE:

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I, Donna Pock, Deputy City Clerk for the City of Suisun City, declare under penalty of perjury that the above agenda for the meeting of November 5, 2019 was posted and available for review, in compliance with the Brown Act.

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Office of the Mayor
Suisun City, California

Proclamation



WHEREAS, Suisun City has a long and celebrated maritime history dating from its founding as the premier port in central Solano County; and

WHEREAS, the City's waterfront and the Suisun Channel continue to be an integral part of our community spirit and a vital linkage to the Delta regions and the greater Bay Area; and

WHEREAS, the annual "Anybody Can Win Striper Derby", sponsored by Virgil's Bait Shop, is a fun-filled family event encouraging outdoor recreation on the Suisun waterfront; and

WHEREAS, the winners of the top prizes of \$1,000, \$500 and \$250 are chosen by random drawing of eligible participants who catch a Striped Bass at least 22" in length; and

WHEREAS, the three day event will close with a delicious fish fry dinner for anyone who entered the Striper Derby.

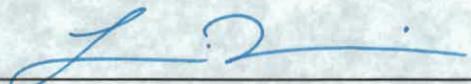
NOW, THEREFORE, BE IT RESOLVED, that I Lori D. Wilson, by virtue of the authority vested in me as Mayor of the City of Suisun City in the State of California, do hereby proclaim November 1, 2019 - November 3, 2019 as:

"VIRGIL'S BAIT SHOP STRIPER DERBY DAYS"

and encourage all residents of Suisun City to support this community event by participating in the Striper Derby activities.



In witness whereof I have hereunto set my hand and caused this seal to be affixed.



Lori D. Wilson

ATTEST: _____

DATE: November 1, 2019

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AGENDA TRANSMITTAL

MEETING DATE: November 5, 2019

CITY AGENDA ITEM: Adoption of Council Resolution No. 2019-__: Authorizing the City Manager to Execute a Two-Year Agreement for \$80,000 with Options to Extend Between Solano Transportation Authority (STA) and the City of Suisun City for a Facility Maintenance/Custodial Services for the Suisun City Train Depot.

FISCAL IMPACT: The Solano Transportation Authority (STA) has approved utilizing \$80,000 of State Transit Assistance Funds (STAF) FY 19/20 budget towards the operation and maintenance of the Suisun City Train Depot. STA will, through reimbursement, pay the City up to \$80,000 each year for two (2) years. The City is not required to use any General Funds for this effort and therefore, this effort would result in a net positive impact on the General Fund upon execution of this agreement. Effectively the City would have a fully STA funded maintenance position to provide dedicated maintenance services to the Suisun City Train Depot, surrounding areas, and the Park N Ride lot. The minor costs required to provide administrative oversight and supervision of the position would be more than offset with the alleviation of the City resources currently dedicated to the current maintenance level of the Suisun City Train Depot, surrounding areas, and the Park N Ride lot, and that would be STA funded for the duration of this agreement upon agreement execution.

BACKGROUND: STA expanded mobility services to include a Solano Mobility Call Center in February 2014. This was one of four Solano Mobility priorities identified in the Solano Transportation Study for Older Adults and People with Disabilities completed in 2011. In addition to providing commuters and Solano County employers with information on a variety of transit services and incentive programs, the Mobility Call Center provides seniors and people with disabilities with a range of mobility information, resources and options. The Transportation Information Desk, located in the Suisun City Train Depot, opened in November 2014, and provides the public with expanded access to transportation information and mobility options. The Suisun City Train Depot (Depot) was renovated in September 2016. Improvements that were made to the building include improved access and lighting, repainted interiors, energy-efficient windows, restrooms that comply with ADA requirements and an enhanced interior design that reflects the character of the early 1900's. Ramps leading to the depot have been upgraded and the stairs have been expanded with handrails to comply with ADA regulations.

STAFF REPORT: Staff recommends entering into a funding agreement with STA to procure a full-time Facility Maintenance Person to perform daily maintenance and custodial services in and around the Depot. The Facility Maintenance Person would be employed by the City and perform numerous duties such as: pressure washing the building, sidewalks, platform, and patios; blow sweep in/around the Depot; maintain cleanliness of restrooms and all windows; mop lobby; sanitize hand surfaces; and maintain the general cleanliness of the Depot on a daily basis so that the integrity of the building and its history are preserved as described in Attachment A of the Agreement. An additional benefit of the full time Facility Maintenance Person is to have

PREPARED BY: Matthew Medill, Public Works Director/City Engineer
APPROVED BY: Greg Folsom, City Manager

someone present throughout the day, outside of STA regular staff, for safety precautions (see Attachment B of the Agreement).

The Solano Transportation Authority recently sent the City two signed copies of the “Funding Agreement Between the Solano Transportation Authority and City of Suisun City for Suisun City Train Depot Maintenance/Custodial Services”, see Attachment No. 2.

This Resolution Authorizing the City Manager to Execute a two-year agreement for \$80,000 with options to extend between STA and the City of Suisun City for a Facility Maintenance/Custodial Services for the Suisun City Train Depot is attached (Attachment No.1).

RECOMMENDATION: It is recommended that the City Council adopt Resolution No. 2019-___: Authorizing the City Manager to Execute a Two-Year Agreement for \$80,000 with Options to Extend Between Solano Transportation Authority (STA) and the City of Suisun City for a Facility Maintenance/Custodial Services for the Suisun City Train Depot.

ATTACHMENTS:

1. Resolution No. 2019-___: Authorizing the City Manager to Execute a Two-Year Agreement for \$80,000 with Options to Extend Between Solano Transportation Authority (STA) and the City of Suisun City for a Facility Maintenance/Custodial Services for the Suisun City Train Depot.
2. Funding Agreement Between the Solano Transportation Authority and City of Suisun City for Suisun City Train Depot Maintenance/Custodial Services

RESOLUTION NO. 2019-__

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY
AUTHORIZING THE CITY MANAGER TO EXECUTE A TWO-YEAR AGREEMENT
FOR \$80,000 WITH OPTIONS TO EXTEND BETWEEN SOLANO
TRANSPORTATION AUTHORITY (STA) AND THE CITY OF SUISUN CITY FOR A
FACILITY MAINTENANCE/CUSTODIAL SERVICES FOR THE SUISUN CITY
TRAIN DEPOT**

WHEREAS, STA was created in 1990 through a Joint Powers Agreement between the County of Solano and the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and Vallejo to serve as the Congestion Management Agency (CMA) for Solano County; and

WHEREAS, STA, as the CMA for the Solano County area, partners with various transportation and planning agencies, such as the Metropolitan Transportation Commission (MTC) and Caltrans District 4; and

WHEREAS, STA is responsible for countywide transportation planning, programming transportation funds, managing and providing transportation programs and services, delivering transportation projects, and setting transportation priorities; and

WHEREAS, as part of its mission, STA operates its Solano Mobility Call Center at the Suisun City Train Depot (“Depot”) that is owned and maintained by the City; and

WHEREAS, working cooperatively, STA and the City desire to maintain the condition of Depot including the station and platform, the connected plaza, bus pads/shelters, bus circulation areas, parking lot, the Park N Ride lot, and the immediate areas around these facilities where pedestrians may walk/bike to access the transit amenities in an effort to encourage new and maintain existing transit ridership, particularly ridership on the Capital Corridor; and

WHEREAS, the Parties are proposing to establish an on-site presence, through the presence of a City of Suisun City staff person, to provide targeted regular maintenance of the Depot and appurtenant transit facilities. This regular maintenance, through the presence of a City of Suisun City staff person, will provide a heightened sense of security and comfort for all patrons and employees; and

WHEREAS, STA and the City desire to enter into this Agreement to define the respective roles and responsibilities of the Parties to facilitate the preparation of the PDA Plan; and

WHEREAS, The Solano Transportation Authority (STA) has approved utilizing \$80,000 of State Transit Assistance Funds (STAF) FY 19/20 budget, towards the operation and maintenance of the Suisun City Train Depot; and

WHEREAS, STA will, through reimbursement, pay the City up to \$80,000 each year for two years; and

1 **WHEREAS**, The Facility Maintenance Person would be employed by the City and
2 perform numerous duties such as: pressure washing the building, sidewalks, platform, and
3 patios; blow sweep in/around the depot; maintain cleanliness of restrooms and all windows;
4 mop lobby; sanitize hand surfaces; and maintain the general cleanliness of the depot on a daily
5 basis so that the integrity of the building and its history are preserved; and

6 **WHEREAS**, An additional benefit of the full time Facility Maintenance Person is to
7 have someone present throughout the day, outside of STA regular staff, for safety precautions;
8 and

9 **NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Suisun
10 City authorizes the City Manager to execute a two-year agreement for \$80,000 with options to
11 extend between STA and the City of Suisun City for a Facility Maintenance/Custodial Services
12 for the Suisun City Train Depot.

13 **PASSED AND ADOPTED** at a Regular Meeting of said City Council of the City of
14 Suisun City duly held on Tuesday, the 5th day of November 2019, by the following vote:

15 **AYES:** Councilmembers: _____
16 **NOES:** Councilmembers: _____
17 **ABSENT:** Councilmembers: _____
18 **ABSTAIN:** Councilmembers: _____

19 **WITNESS** my hand and the seal of said City this 5th day of November 2019.

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Donna Pock, CMC
Deputy City Clerk

FUNDING AGREEMENT
Between The
SOLANO TRANSPORTATION AUTHORITY
And
CITY OF SUISUN CITY

For
SUISUN CITY TRAIN DEPOT MAINTENANCE/CUSTODIAL SERVICES

This Agreement (“Agreement”) is entered into as of November 1, 2019 between the Solano Transportation Authority, a joint powers authority organized under Government Code section 6500 et seq. consisting of the County of Solano and the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun, Vacaville and Vallejo (“STA”), and the City of Suisun City, a municipal corporation (“City”), each individually referred to as a party (“Party”) and collectively, as the parties (the “Parties”).

RECITALS

WHEREAS, STA was created in 1990 through a Joint Powers Agreement between the County of Solano and the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and Vallejo to serve as the Congestion Management Agency (CMA) for Solano County; and

WHEREAS, STA, as the CMA for the Solano County area, partners with various transportation and planning agencies, such as the Metropolitan Transportation Commission (MTC) and Caltrans District 4; and

WHEREAS, STA is responsible for countywide transportation planning, programming transportation funds, managing and providing transportation programs and services, delivering transportation projects, and setting transportation priorities; and

WHEREAS, as part of its mission, STA operates its Solano Mobility Call Center at the Suisun City Train Depot (“Depot”) that is owned and maintained by the City; and

WHEREAS, working cooperatively, STA and the City desire to maintain the condition of Depot including the station and platform, the connected plaza, bus pads/shelters, bus circulation areas, parking lot, the immediate areas around these facilities where pedestrians may walk/bike to access the transit amenities in an effort to encourage new and maintain existing transit ridership, particularly ridership on the Capital Corridor; and

WHEREAS, the Parties are proposing to establish an on-site presence, through the presence of a City of Suisun City staff person, to provide targeted regular maintenance of the Depot and appurtenant transit facilities. This regular maintenance, through the presence of a City of Suisun City staff person, will provide a heightened sense of security and comfort for all patrons and employees, and

WHEREAS, STA and the City desire to enter into this Agreement to define the respective roles and responsibilities of the Parties to facilitate the preparation of the PDA Plan.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement, STA and City agree as follows:

A. City's Role and Responsibilities

City agrees to:

1. Use the STA funds to hire a new Building Maintenance Worker or Maintenance Worker on limited term for two years. As an interim measure, the City may utilize an existing Building Maintenance Worker or Maintenance Worker staffing to fulfill the full-time maintenance needs at the Depot area. This position will:
 - a. Be dedicated full-time to the maintenance of the Depot area.
 - b. Work from 6:30 am to 3:30 pm (with a one-hour lunch break), allowing the Depot to be opened and closed at these hours Monday through Friday.
 - c. Provide regular routine maintenance of the Depot area based on a jointly agreed upon work plan. Additionally, at the direction of the City, the person will perform necessary non-regular maintenance work in the Depot area.
 - d. Be afforded the same holiday schedule, vacation benefits, and sick leave benefits as a regular City employee. During this time the City will not be required to fill this position without additional compensation.
2. Provide the necessary tools and equipment for all maintenance work.
3. Submit an invoice to the STA no less than quarterly for these services that includes a brief narrative of the work completed in that period of time.
4. Work effectively with STA staff to resolve issues related to the Depot area maintenance needs.
5. Provide backup City staff in the event the assigned employee is injured on the job and is off work due to a worker's compensation injury. If the total staffing cost exceeds \$80,000 due to a worker's compensation injury, the City is not responsible for filling the position without further negotiations with STA and without additional funding allocation from STA.
6. Provide STA with a monthly schedule of planned maintenance activities.

B. STA's Role and Responsibilities

STA agrees to:

1. Pay the City up to \$80,000 each year for two years upon review and approval of a City-submitted invoice.
2. Meet with the City designated Public Works Supervisor no less than quarterly regarding work needs at the Depot area for resolution of the jointly identified maintenance needs.

C. Term

The term of this Agreement shall be from October 15, 2019 through October 14, 2021, unless it is terminated or amended pursuant to Sections E and O of this Agreement.

D. Funding

STA shall pay City up to \$80,000 per year for a total of \$160,000 for the term of this Agreement for the salary and benefits of the assigned position.

E. Termination

This Agreement may be terminated due to loss of STA funding or other unforeseen event(s), as mutually agreed to by the Parties. In the event of loss of funding, the Parties agree to work collaboratively to identify other maintenance solutions for the Depot.

F. Mutual Indemnification

1. STA to indemnify City

STA agrees to indemnify, defend, protect, hold harmless, and release City, its elected bodies, agents, officers, employees and subcontractors (collectively referred to in this paragraph as 'City'), from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of STA related to this Agreement. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

At its sole discretion, City may participate at its own expense in the defense of any claim, action or proceeding, but such participation shall not relieve STA of any obligation imposed by this Section. City shall notify STA within thirty (30) days of any claim, action or proceeding and cooperate fully in the defense. Notwithstanding the foregoing, City's failure to notify STA within said thirty (30) day time limit shall not relieve STA of any obligation imposed by this Section unless STA has been actually prejudiced by such delay.

2. City to indemnify STA

City agrees to indemnify, defend, protect, hold harmless, and release STA, its elected bodies, agents, officers, employees and subcontractors (collectively referred to in this paragraph as 'STA') from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of City related to this Agreement. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

At its sole discretion, STA may participate at its own expense in the defense of any such claim, action or proceeding, but such participation shall not relieve City of any obligation imposed by this Section. STA shall notify City within thirty (30) days of any claim, action or proceeding and cooperate fully in the defense. Notwithstanding the foregoing, STA's failure to notify City in writing within said thirty (30) day time limit shall not relieve City of any obligation imposed by this Section unless City has been actually prejudiced by such delay.

3. Each Party to defend itself for concurrent claims

Each Party agrees to defend itself from any claim, action or proceeding arising out of the negligent act or omission or willful misconduct of its own elected bodies, agents, officers, employees and subcontractors in the performance of this Agreement. In such cases, STA and City agree to retain their own legal counsel, bear their own defense costs, and waive their right to seek reimbursement of such costs, except as provided in subparagraph 5 below.

4. Joint Defense

Notwithstanding subparagraph 3 above, in cases where STA and City agree in writing to a joint defense, STA and City may appoint joint defense counsel to defend the claim, action or proceeding arising out of the negligent act or omission or willful misconduct of City and STA in the performance of this Agreement. Joint defense counsel shall be selected by mutual agreement of STA and City. STA and City agree to share the costs of such joint defense and any agreed settlement in equal amounts, except as provided in subparagraph 5 below. STA and City further agree that neither Party may bind the other to a settlement agreement without the written consent of both STA and City.

5. Reimbursement and/or Reallocation

Where a trial verdict or arbitration award allocates or determines the comparative fault of the Parties, STA and City shall reimburse and/or reallocate defense costs, settlement payments, judgments and awards, consistent with such comparative fault.

G. Insurance

1. Each Party agrees to maintain its status as a legally self-insured public entity for general, auto and professional liability with limits of no less than \$1,000,000 per occurrence. Excess liability coverage may be provided. Each Party's self-insurance will be considered primary for all claims arising out of acts of that Party. Each Party agrees to endorse the other Party, its officials, employees and agents, with coverage equivalent to standard ISO endorsement No. CG2010 for general liability coverage. Each Party also agrees to require all consultant, contractors and subcontractors engaged to work on this Project to name the other Party as an additional insured as well.

2. Each Party will maintain Workers' Compensation insurance as required by law for all its employees with limits not less than \$1,000,000 per occurrence. Neither Party's insurance shall be called upon to satisfy any claim for workers' compensation filed by an employee of the other Party. Each Party will provide the other with a Waiver of Subrogation endorsement for Workers Compensation. Each Party also agrees to require all consultants, contractors and

subcontractors engaged to work on this Project to carry the same Workers Compensation insurance limits and endorsements.

3. Each Party will require all consultants, contractors, and subcontractors engaged to work on this Project to carry insurance in levels commensurate with the exposure of the respective work provided by the consultant, contractor or subcontractor.

H. Dispute Resolution

The Parties agree that any disputes should be resolved at the lowest possible level. Accordingly, should a dispute arise between the STA and City regarding the performance of this Agreement, the Parties agree that the STA Executive Director and City Manager shall initially meet and confer. Should these two fail to reach consensus within two weeks, the dispute shall be referred first to a STA Board Subcommittee comprised of the Mayor of Suisun City along with the Solano County Supervisor. Should that Subcommittee fail to resolve the dispute within 2 further weeks, the issue will be presented to the full STA Board for resolution. If either party contests the decision of the STA Board, the Parties agree to submit the dispute to arbitration and exchange with the other, in accordance with a procedure to be established by the arbitrator, its best offer. The arbitrator shall be limited to awarding only one or the other of the two positions submitted.

I. Notice

All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that a Party desires to give to the other Party shall be addressed to the other Party at the addresses set forth below. A Party may change its address by notifying the other Party of the change of address. Any notice sent by mail in the manner prescribed by this Paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

TO STA:

Daryl K. Halls, Executive Director
Solano Transportation Authority
One Harbor Center, Suite 130
Suisun City, CA 94585
Attn: Ron Grassi, Director of Programs

TO CITY:

Greg Folsom, City Manager
City of Suisun City
701 Civic Center Blvd
Suisun City, CA 94585
Attn: Matt Medill, Public Works Director

J. Compliance with all Laws

The Parties shall observe and comply with all applicable federal, state and local laws, ordinances, and codes.

K. No Waiver

The waiver by any Party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

L. Assignability

Neither Party to this Agreement shall assign or transfer any interest in this Agreement nor the performance of any duties or obligations hereunder, without the prior written consent of the other Party, and any attempt by either Party to so assign or transfer this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

M. Governing Law and Venue

The construction and interpretation of this Agreement and the rights and duties of the Parties shall be governed by the laws of the State of California with venue residing in Solano County.

N. Force Majeure

Neither the STA nor City shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or for any interruption of services, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of STA or City.

O. Prior Agreements and Amendments

This Agreement represents the entire agreement of the Parties with respect to the subject matter described in this Agreement, and no representation, warranties, inducements or oral agreements have been made by any of the Parties except as expressly set forth in this Agreement. This Agreement may only be modified by a written amendment duly executed by the Parties.

P. Severability

If any provision or portion of this Agreement is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

Q. Access to Records and Retention

All Parties, acting through their duly authorized representative, as well as any federal or state grantor agency providing all or part of the funding associated with this Agreement, the State Controller, the Comptroller General of the United States, and the duly authorized representatives of any of the Parties, shall have access to any books, documents, papers and records of any Party which are directly pertinent to the subject matter of this Agreement for the purpose of making audit, examination, excerpts and transcriptions. Except where longer retention is required by any federal or state law, the Parties shall maintain all required records for three years after final payment for any work associated with this Agreement, or after all pending matters are closed, whichever is later.

R. Non-Discrimination Clause

1. During the performance of this Agreement, the Parties and their subcontractors shall not deny any benefits or privileges to any person on the basis of race, religion, color, ethnic group identification, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, sex or sexual orientation, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, ethnic group identification, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, sex or sexual orientation. Each Party shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.
2. The Parties shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated pursuant to it (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time.

S. Interpretation

Each Party has reviewed this Agreement and any question of doubtful interpretation shall not be resolved by any rule or interpretation providing for interpretation against the drafting Party. This Agreement shall be construed as if both Parties drafted it. The captions and headings contained herein are for convenience only and shall not affect the meaning or interpretation of this Agreement.

The Parties have executed this Agreement on the day and year first written above.

“STA”
Solano Transportation Authority

By 
Daryl K. Halls, Executive Director

Approved as to form:

By 
STA Legal Counsel

“CITY”
City of Suisun City

By _____
Greg Folsom, City Manager

Approved as to form:

By _____
City Attorney

**Exhibit A
Draft Scope of Work**

**BUILDING MAINTENANCE WORKER I
BUILDING MAINTENANCE WORKER II**

*Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are **not** intended to reflect all duties performed within the job.*

DEFINITION

Under supervision, performs general janitorial and maintenance duties related to the cleaning and upkeep of assigned buildings and facilities; and performs a variety of tasks relative to an assigned area of responsibility. This position is currently funded for 18 months.

IDENTIFYING CHARACTERISTICS

Building Maintenance Worker I -- This is the entry-level building maintenance class performing the more routine and less complex building maintenance assignments. Positions at this level are not expected to function with the same amount of knowledge or skill level as positions allocated to the Building Maintenance Worker II level and exercise less independent discretion and judgment in matters related to work procedures and methods. Work is usually supervised while in progress and fits an established structure or pattern. Exceptions or changes in procedures are explained in detail as they arise. This classification is flexibly staffed with Building Maintenance Worker II. Advancement to the “II” level is based on demonstrated proficiency in performing the assigned functions, the completion of the minimum experience and education requirements for the “II” level, and is at the discretion of higher level supervisory or management staff.

Building Maintenance Worker II -- This is the full journey level building maintenance class within the building maintenance series. Employees within this class are distinguished from the Building Maintenance Worker I by the performance of the full range of building maintenance duties including semi-skilled maintenance tasks. Employees at this level receive only occasional instruction or assistance as new or unusual situations arise, and are fully aware of the operating procedures and policies of the work unit. Positions in this class series are flexibly staffed and are generally filled by advancement from the “I” level, or when filled from the outside, require prior experience. Advancement to the “II” level is based on management judgment and/or certification or testing that validates the performance of the full range of job duties.

REPRESENTATIVE DUTIES

The following duties are typical for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address business needs and changing business practices.

1. Performs general janitorial duties in cleaning and maintaining assigned area; cleans, sanitizes, and maintains assigned buildings, offices, and restroom facilities.

2. Performs grounds maintenance duties including watering lawns and plants, grass cutting and edging, weeding, and minor bush and tree trimming.
3. Sweeps, mops, strips, waxes and buff floors; vacuums rugs and carpets; operates equipment such as floor buffers and vacuum cleaners.
4. Cleans, dusts, and polishes walls, furniture, woodwork, counters and office equipment.
5. Cleans and disinfects restrooms; refills soap, paper, and other sanitary dispensers; cleans and polishes metal work such as door panels and handrailings.
6. Washes and cleans windows and glass doors; empties and cleans waste containers; picks up and empties trash on facility grounds.
7. Moves, rearranges, and sets up furniture and equipment for meetings and other events; cleans light fixtures and replaces light bulbs and tubes.
8. Performs minor maintenance and repair work including plumbing, painting, carpentry, and basic electrical work; may assist with major maintenance work as assigned.
9. Operates, maintains, and repairs floor cleaning and polishing machines; purchases janitorial and other supplies; maintains supplies in a safe manner.
10. Locks and unlocks doors and gates to ensure security of buildings and related areas; sets alarms as necessary.
11. Utilizes proper safety precautions related to all work performed.
12. Clears, maintains, and disposes of trash in public areas; performs special projects as required.
13. Cleans and maintains the interior of the Train Depot building including sweeping, mopping, dusting, cleaning windows, power washing, and cleaning of restrooms.
14. Provides courteous customer service; responds to questions and inquiries from the general public regarding various maintenance projects; resolves customer problems or complaints.
15. Provides an on-site presence at the Train Depot during assigned work hours; contacts emergency services as required.
16. Performs related duties as required.

QUALIFICATIONS

Knowledge of:

Methods, materials and equipment used in janitorial and general building maintenance work.
Methods and techniques of cleaning and preserving floors, furniture, walls and fixtures.
Operational characteristics of cleaning equipment and materials.
Proper methods of storing equipment, materials and supplies.
Methods and techniques of performing minor facility maintenance repair.
Safe use of cleaning chemicals and standard safety practices.
Occupational hazards and standard safety practices.

Ability to:

Perform all types of janitorial and routine building maintenance tasks.
Operate a variety of equipment in a safe and effective manner.
Use a variety of janitorial equipment, supplies and materials.
Safely and effectively use and apply cleaning materials and equipment.
Perform minor maintenance and repair work on buildings and equipment.
Work independently in the absence of supervision.
Understand and follow both oral and written instructions.
Communicate clearly and concisely, both orally and in writing.
Establish and maintain effective working relationships with those contacted in the course of work.

Education and Experience Guidelines

Any combination of education and experience that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Building Maintenance Worker I

Education/Training:

Formal or informal education or training that ensures the ability to read and write at a level necessary for successful job performance.

Experience:

Two years of janitorial or building maintenance and repair experience.

Building Maintenance Worker II

Education/Training:

Formal or informal education or training that ensures the ability to read and write at a level necessary for successful job performance.

Experience:

Three years of janitorial or building maintenance and repair experience comparable to that of a Building Maintenance Worker I with the City of Suisun City.

License or Certificate

Possession of an appropriate valid driver's license.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform these essential job functions.

Environment: Indoor and outdoor environment; exposure to noise, dust, grease and cleaning agents.

Physical: Primary functions may require maintaining physical condition necessary for

sufficient mobility to walk and stand for prolonged periods of time; occasionally stoop, bend, kneel, crouch, climb, reach and twist; push, pull, lift, and/or carry light to moderate weights; requires a sense of touch, finger dexterity, and gripping with hands and fingers; ability to speak and hear to exchange information; ability to operate a vehicle.

Vision: See in the normal visual range with or without correction.

Hearing: Hear in the normal audio range with or without correction.

ATTACHMENT B

Sample – Daily Routine Description

- Arrive at Depot 6:30am until 3:30pm.
- Check restrooms for cleanliness.
- If restrooms are acceptable, clean after 2pm to have ready for the next day.
- Cleanup in piles of pigeon excrement around the Depot's exterior.
- Sweep floor and exterior area around Depot. This should be done several times a day due to the existing windy conditions in Suisun City.
- Pickup any trash in the area surrounding the Depot including the platform, Plaza area, and street side area of the Park N Ride parking lot.
- Make sure dumpster area is secured. Pull out dumpsters for trash pickup. Trash day for Suisun City is Monday.
- Check STA's office for trash.
- Check in with STA's office when they open at 8am (confirm time).
- Provide on-site presence, regularly checking in with the STA office in the Depot.
- Rotate through on-going tasks such as:
 - Pressure washing:
 - Platform & Plaza area
 - Depot Building
 - Depot Roof
 - Trimming/Pruning/Edging:
 - Plaza area
 - Bus island
 - Platform area
 - Mopping & Polishing Depot floor.
 - Cleaning of all windows and display cases in the interior of the Depot and in the Platform area
 - Repainting of red curb once per year
 - Refinishing Plaza benches once per year
 - Repainting trash enclosure as needed
 - Repainting railing along platform as needed

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AGENDA TRANSMITTAL

MEETING DATE: November 5, 2019

CITY AGENDA ITEM: Adoption of Council Resolution No. 2019-__: Authorizing the City Manager to Execute Amendment Number One (1) of the Agreement with the State of California for Maintenance of State Highways in the City of Suisun City.

FISCAL IMPACT: Amendment Number One (1) Agreement for Maintenance of State Highways in the City of Suisun City (Agreement) would increase the Caltrans financial contribution to the City for the maintenance of California State Route Highway 12 (Highway 12). The original Agreement with Caltrans was formalized in 1997 and provides the City with \$14,000 per year for maintenance of Highway 12. This proposed Agreement amendment would increase the amount the City receives per year by an additional \$14,000 for a total contribution from Caltrans of \$28,000 per year commencing January 1, 2020. The Highway 12 Maintenance Fund for Fiscal Year 2019-20 includes a supplemental contribution from the General Fund of \$20,000, which brings the present budget to \$34,000 per year. If approved, this Agreement would provide an additional \$7,000 to the current Fiscal Year budget, for a new total budget of \$41,000.

BACKGROUND: The Agreement for Maintenance of State Highways in the City of Suisun City (Agreement), as provided for in Section 130 of the Streets and Highways Code, was executed by Suisun City on October 14, 1997, and by Caltrans on November 7, 1997. Through this Agreement, the City is responsible for maintenance of the 3.5 miles of Highway 12 that fall within City limits. Maintenance tasks include: weed control; pruning/thinning removing/replacing plants, shrubs and trees; irrigation; and litter pickup. The Agreement included a financial contribution by the State to the City of Suisun City of \$14,000 per year. The Caltrans contribution has not increased since 1997.

STAFF REPORT: The City has been responsible for the maintenance of State Route Highway 12 (Highway 12) since the execution of the Agreement between the City and the State. The fact that the contribution from Caltrans has not been increased since the initial signing of the Agreement has been an ongoing concern of the City. The funds received are not adequate to provide the level of maintenance that is desired by the Council, residents, and staff.

Realizing the impact the lack of funding has been having on maintenance efforts for Highway 12 prompted City staff to approach Caltrans and try to renegotiate the annual the financial contribution provided to the City by Caltrans. The progress made to date is that Caltrans has made an offer to amend the current Agreement with a new Exhibit A which increases the financial contribution to the City from \$14,000 per year to \$28,000 per year. The additional funds would be used to increase maintenance efforts along Highway 12. Staff and Caltrans will continue to evaluate and negotiate further potential financial contribution increases. Staff will

PREPARED BY: Matthew Medill, Public Works Director/City Engineer
APPROVED BY: Greg Folsom, City Manager

return to Council to report any future opportunities to increase the financial contribution from the State.

Staff recommends that the City Council authorize the City Manager to execute Amendment Number 1 Agreement for Maintenance.

RECOMMENDATION: It is recommended that the City Council adopt Resolution No. 2019-__: Authorizing the City Manager to Execute Amendment Number One (1) of the Agreement with the State of California for Maintenance of State Highways in the City of Suisun City.

ATTACHMENTS:

1. Resolution No. 2019-__: Authorizing the City Manager to Execute Amendment Number One (1) of the Agreement with the State of California for Maintenance of State Highways in the City of Suisun City.
2. Amendment Number 1 Agreement of Maintenance of State Highways in the City of Suisun City
3. Agreement for Maintenance of State Highways in the City of Suisun City dated July 1, 1997

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RESOLUTION NO. 2019-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY
AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NUMBER
ONE (1) OF THE AGREEMENT WITH THE STATE OF CALIFORNIA FOR
MAINTENANCE OF STATE HIGHWAYS IN THE CITY OF SUISUN CITY**

WHEREAS, an Agreement for Maintenance of California State Highways in the City of Suisun City, hereinafter referred to as "AGREEMENT", as provided for in Section 130 of the Streets and Highways Code, was executed by CITY on October 14, 1997, and by STATE on November 7, 1997; and

WHEREAS, the AGREEMENT by its terms provides that it may be modified or amended at any time upon mutual consent of both parties; and

WHEREAS, the CITY desires to continue to perform specific maintenance functions delegated to the CITY on State Route 12 (SR 12) within the City limits of the City of Suisun City in Solano County and these maintenance functions require an increase in contribution from the STATE; and

WHEREAS, the CITY requested an increase in authorized expenditures to perform specific maintenance functions delegated to the CITY on SR 12 and STATE agrees to increase authorized expenditures; and

WHEREAS, This Amendment No. 1 to the AGREEMENT shall become effective on January 1, 2020 and shall remain in full force and effect until amended or terminated as provided for in Article XIII of AGREEMENT. In all other respects, AGREEMENT shall remain in full force and effect; and

WHEREAS, the parties hereto now desire that AGREEMENT be amended.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Suisun City authorizes the City Manager to execute Amendment Number 1 Agreement for Maintenance of State Highways in the City of Suisun City.

PASSED AND ADOPTED at a Regular Meeting of said City Council of the City of Suisun City duly held on Tuesday, the 5th day of November 2019, by the following vote:

| | | |
|-----------------|-----------------|-------|
| AYES: | Councilmembers: | _____ |
| NOES: | Councilmembers: | _____ |
| ABSENT: | Councilmembers: | _____ |
| ABSTAIN: | Councilmembers: | _____ |

WITNESS my hand and the seal of said City this 5th day of November 2019.

Donna Pock, CMC
Deputy City Clerk

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**AMENDMENT NUMBER 1
AGREEMENT FOR MAINTENANCE OF STATE HIGHWAYS
IN THE CITY OF SUISUN CITY**

This Amendment No. 1 to the Agreement for Maintenance of State Highways in the City of Suisun City is made and entered into by and between the State of California, acting by and through the Department of Transportation, hereinafter referred to as “STATE”, and the City of Suisun City, hereinafter referred to as “CITY.”

WITNESSETH:

WHEREAS, an Agreement for Maintenance of State Highways in the City of Suisun City, hereinafter referred to as “AGREEMENT”, as provided for in Section 130 of the Streets and Highways Code, was executed by CITY on October 14, 1997, and by STATE on November 7, 1997; and

WHEREAS, AGREEMENT by its terms provides that it may be modified or amended at any time upon mutual consent of the parties; and

WHEREAS, CITY desires to continue to perform specific maintenance functions delegated to the CITY on State Route 12 (SR 12) within the city limits of the City of Suisun City in Solano County; and

WHEREAS, CITY requested an increase in authorized expenditures to perform specific maintenance functions delegated to the CITY on SR 12 and STATE agrees to increase authorized expenditures; and

WHEREAS, the parties hereto now desire that AGREEMENT be amended.

NOW, THEREFORE, the parties agree to amend AGREEMENT as follows:

1. The attached page dated “Effective January 1, 2020” Exhibit A of AGREEMENT, and numbered page 1 of 3 shall be substituted for like numbered page in AGREEMENT, and shall cancel and supersede such like numbered page, becoming a part of AGREEMENT for all purposes.

2. This Amendment No. 1 to AGREEMENT shall become effective on January 1, 2020 and shall remain in full force and effect until amended or terminated as provided for in Article XIII of AGREEMENT. In all other respects, AGREEMENT shall remain in full force and effect.

CITY OF SUISUN CITY

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Greg Folsom, City Manager

TOKS OMISHAKIN
Director of Transportation

Attest

By

City Clerk

DAVID AMBUEHL Date
Deputy District Director
Maintenance

Approved as to form:

City Attorney

EXHIBIT AAmendment No. 1
Effective January 1, 2020**DELEGATION OF MAINTENANCE**

The specific maintenance function indicated below is hereby delegated to the CITY. This delegation of maintenance function set forth herein does not include the control and maintenance areas and functions which rest with the CITY under the terms of executed Freeway Agreements and/or Freeway Maintenance Agreements.

| <u>Route No.</u> | <u>Length Miles</u> | <u>Description of Routing</u> | <u>Program Delegated</u> | <u>Maximum Annual Authorized Expenditure</u> |
|-------------------------------|---------------------|---|--------------------------|--|
| 12(a) | 0.72 | Expressway: from west city limits approximately 360 feet west of the Webster Street Undercrossing to the end of the expressway approximately 100 feet west of Marina Boulevard, a length of 0.72 mile for this section. | HM2C | \$ 14,000.00 |
| Total Authorized Route 12(a) | | | | \$ 14,000.00 |
| 12(b) | 2.48 | Rio Vista Road: from end of expressway approximately 100 feet west of Marina Boulevard to east city limits approximately 640 feet east of Lawler Ranch Parkway/Walter Road, a length of 2.48 miles for this section. | HM2C HM2E | \$ 14,000.00 \$ 0.00 |
| Total Authorized Route 12(b) | | | | \$ 14,000.00 |
| Total Authorized Expenditure: | | | | \$28,000.00 |

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**AGREEMENT FOR MAINTENANCE OF STATE HIGHWAYS
IN THE CITY OF SUISUN CITY**

This AGREEMENT is made effective this 1st day of July, 1997, by and between the State of California, acting by and through the Department of Transportation, hereinafter referred to as "STATE", and the City of Suisun City, hereinafter referred to as "CITY".

- I. The parties desire to provide that CITY perform particular maintenance functions on the State highways within the CITY as authorized in Section 130 of the Streets and Highways Code.
- II. This Agreement shall supersede any previous Agreement for Maintenance of State Highways in the City of Suisun City and/or amendments thereto with the CITY.
- III. The CITY shall perform such maintenance work as is specifically delegated to it, on the identified State highway routes, or portions thereof, all as hereinafter described under Exhibit A hereof or as said Exhibit may be subsequently modified with the consent of the parties hereto acting by and through their authorized representatives.
- IV. The degree or extent of maintenance work to be performed, and the standards therefore, shall be in accordance with the provisions of Section 27 of the Streets and Highways Code and the then current edition of the State Maintenance Manual (a copy of which has been provided to the CITY), or as may be prescribed from time to time by the District Director. "District Director", as used herein, means the District Director of the Department of Transportation assigned to the territory in which CITY is located, or an authorized representative.

The STATE reserves the option to inspect at random all areas of State highways maintained by the CITY. However, such random inspection does not preempt the CITY's maintenance responsibilities as specified in this Agreement.

An encroachment permit will be required for third parties when maintenance work is re-delegated. Such re-delegated work shall be performed at the same levels of service as specified herein and will be subject to the same random inspections as provided for work performed directly by CITY forces.

- V. The functions and levels of maintenance service delegated to the CITY in the attached Exhibit A, "Delegation of Maintenance", has been considered in setting authorized total dollar amounts. The CITY may perform additional

work if desired, but the STATE will not reimburse the CITY for any work in excess of the authorized dollar limits established herein.

- VI. A. The STATE will reimburse the CITY for the actual cost of all routine maintenance work performed by the CITY as delegated under Exhibit A to this Agreement. It is agreed that during any fiscal year, the maximum expenditure on any route shall not exceed the amount shown in Exhibit A to this Agreement unless such expenditure is revised by an amended Agreement or otherwise adjusted or modified as hereinafter provided for.

The cost of operating and maintaining lighting at the intersection of any State highway route and any CITY street/road shall be shared as shown in Exhibit A.

- B. The expenditure per route for routine maintenance work, as referred to above, may be increased or decreased, redistributed between routes, or additional expenditures for specific projects may be made, when such adjustment of expenditures for routine maintenance or such specific work is authorized in writing by the District Director or his authorized representative and accepted by CITY in writing as an amendment to Exhibit A.
- C. Additional expenditures, or an adjustment of expenditures, once authorized shall apply during the fiscal year designated therein and shall not be deemed to permanently modify or change the basic maximum expenditure per route as hereinafter specified. An adjustment of any said maximum expenditure, either an increase or decrease, shall not affect other terms of the Agreement.

- VII. A new Exhibit A, "DELEGATION OF MAINTENANCE", will be provided annually by the STATE for the ensuing fiscal year, if necessary, to ensure an equitable annual cost allocation.

- VIII. A. The CITY will submit bills in a consistent periodic sequence (monthly, quarterly, semiannually, or annually). Bills less than \$500 shall not be submitted more than once each quarter. Bills must be submitted promptly following the close of STATE's fiscal year on each June 30 and should be coded according to the Caltrans HM Program Code as outlined in this Agreement. Bills submitted for periods prior to the last fiscal year will be deemed waived and will not be honored.
- B. Maintenance services provided by contract or on a unit-rate basis with overhead costs included shall not have these above-mentioned charges

added again. An actual handling charge by the CITY for the direct cost of processing this type of bill will be allowed.

- IX. Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this contract or to affect the legal liability of either party to the contract by imposing any standard of care respecting the maintenance of State highways different from the standard of care imposed by law.
- X. It is understood and agreed that neither the STATE nor any officer or employee thereof is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the CITY under or in connection with any work, authority or jurisdiction delegated to the CITY under this Agreement. It is understood and agreed that pursuant to Government Code Section 895.4 CITY shall defend, indemnify and save harmless the State of California, all officers and employees from all claims, suits or actions of every name, kind and description brought for or in account of injuries to or death of any person or damage to property resulting from anything done or omitted to be done by the CITY under or in connection with any work, authority or jurisdiction delegated to the CITY under this agreement.
- XI. It is understood and agreed that neither the CITY nor any officer or employee thereof is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the STATE under or in connection with any work, authority or jurisdiction delegated to the STATE under this Agreement. It is understood and agreed that pursuant to Government Code Section 895.4 STATE shall defend, indemnify and save harmless the CITY, all officers and employees from all claims, suits or actions of every name, kind and description brought for or in account of injuries to or death of any person or damage to property resulting from anything done or omitted to be done by the STATE under or in connection with any work, authority or jurisdiction delegated to the STATE under this agreement.
- XII. STATE costs and expenses assumed under the terms of this Agreement are conditioned upon the passage of the annual State of California Budget by the Legislature, the allocation of funding by the California Transportation Commission as appropriate, and the encumbrance of funding to the District Office of STATE to pay the billings by CITY.
- XIII. This Agreement shall remain in full force and effect until amended by the mutual consent of the parties thereto or terminated by either party upon thirty (30) days notice to the other parties.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

CITY OF SUISUN CITY

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Camran Najjomi 10/14/97
CAMRAN NAJJOOMI Date
City Manager

JAMES W. VAN LOBEN SELS
Director of Transportation

Attest:

By

City Clerk Date

Glenn E. Behm 11/2/97
GLENN E. BEHM Date
District Division Chief
Maintenance

Approved as to form:

City Attorney Date

EXHIBIT A

DELEGATION OF MAINTENANCE

The specific maintenance function indicated below is hereby delegated to the CITY. This delegation of maintenance function set forth herein does not include the areas and functions of which the control and maintenance rest with the CITY under the terms of Freeway Agreements and/or Freeway Maintenance Agreements.

| Route No. | Length Miles | Description of Routing | Program Delegated | Maximum Annual Authorized Expenditure |
|------------------------------|--------------|---|-------------------|---------------------------------------|
| 12(a) | 0.72 | Expressway: from west city limits approximately 360 feet west of the Webster Street Undercrossing to the end of the expressway approximately 100 feet west of Marina Boulevard, a length of 0.72 mile for this section. | HM2C | \$ 7,000.00 |
| Total Authorized Route 12(a) | | | | \$ 7,000.00 |
| 12(b) | 2.48 | Rio Vista Road: from end of expressway approximately 100 feet west of Marina Boulevard to east city limits approximately 640 feet east of Lawler Ranch Parkway/Walters Road, a length of 2.48 miles for this section. | HM2C HM2E | \$ 7,000.00 \$ 0.00 |
| Total Authorized Route 12(b) | | | | \$ 7,000.00 |
| TOTAL AUTHORIZED AMOUNT | | | | \$ 14,000.00 |

EXHIBIT A

MAINTNENANCE PROGRAM FUNCTIONS:

HM2C SLOPES/DRAINAGE/VEGETATION

This provides for cleaning, maintaining, and repairing culverts, ditches, drains, structures, fences, curbs, sidewalks and other appurtenances between the roadbed and the outer highway right-of-way boundary line (the roadside area between the face of curb and the right-of-way line, or where there is no curb, the roadside area between the edge of pavement and the right-of-way line). It also includes weed and brush control by chemical, biological or mechanical methods, trimming and removal of trees and pest control. The scope of work for CITY under this program function shall only include the following:

1. Nonlandscaped Weed Control
2. Nonlandscaped Tree/Bush/Vegetation
3. Litter Pickup

In accordance with Cooperative Agreement No. 10-885, STATE shall maintain the wetlands mitigation area located between Marina Boulevard and Grizzly Island Road.

HM2E LANDSCAPING

This provides for watering, fertilizing, removal of shrubs, and control of weeds in planted areas within the median. It also includes trimming, removal, and spraying of trees, replacement of plants, shrubs, and trees, and pest control in planted areas within the median. The following tasks are included:

1. Weed Control
2. Pruning/Thinning/Removing/Replacing
3. Irrigation
4. Miscellaneous

In accordance with Cooperative Agreement No. 10-885, CITY shall also maintain the closed storm drain system in the median.

EXHIBIT A

HM4K ELECTRICAL

This includes maintenance work performed on highway electrical facilities including flashing beacons, traffic signals, traffic-signal systems, safety lighting and sign lighting. It also includes the electrical energy for these items.

Timing sequence of traffic signals shall be determined after consultation with the CITY; however, the decision of the District Director shall be final. For traffic signals delegated to the CITY, maintenance of the designed timing shall be the responsibility of the CITY. Timing records shall be kept in both CITY Maintenance and Traffic branches.

COST SHARING OF ELECTRICAL FACILITIES

The STATE will not pay for the maintenance, installation, repair, servicing, nor power for ordinary street lighting; however, lighting at intersections, which qualify as safety lighting under warrants approved/accepted by the STATE, will be paid for when approved and specifically authorized by the District Director. Where such lighting has been specifically authorized, the maintenance and operating costs thereof shall be shared between the STATE and the CITY on a pro rata basis in the same ratio as the number of legs in the intersection under each jurisdiction bears to the total number of legs.

The cost of maintaining traffic signals or other electrically operated traffic control devices now in place or those which may hereafter be installed at the intersection of any STATE highway route and any CITY street/road shall be shared between the STATE and the CITY on a pro rata basis in the same ratio as the number of legs in the intersection under each jurisdiction bears to the total number of legs. The same principle of cost distribution shall apply to freeway interchanges. The participation ratio shall be based on the ratio of the number of legs of the respective agencies to the total number of legs of the intersection.

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AGENDA TRANSMITTAL

MEETING DATE: November 5, 2019

CITY AGENDA ITEM: Consideration of Resolution No. 2019-___: A Resolution of Intent to Sell Two Parcels Owned by the City (Assessor Parcel Numbers 0173-010-210 and 0173-010-220), located at 320 and 322 Merganser, and Authorize the City Manager to Take any and all Actions Necessary to Move Forward with the Sale of the Property.

FISCAL IMPACT: None at this time, however, if the Council ultimately proceeds with the sale of the property, there would be a positive one-time impact to the General Fund of \$550,000.

BACKGROUND: At one time the City wanted to develop senior housing within Suisun City and was able to work out a deal with D&M Development to lease City-owned property at 320 – 322 Merganser Dr. to D&M to build senior housing. A ground lease was completed in 1985 and the project went forward. The ground lease rate was set at \$1 per year for a period of fifty-five years, terminating on December 31, 2041. The rent was paid in full in advance.

STAFF REPORT: D&M had expressed interest in 2017 in purchasing the leased property, but an agreement on price and terms was not reached. D&M has once again expressed interest in purchasing the properties for the amount of \$550,000, the value based on an appraisal dated September 19, 2019. Garland & Associates prepared the appraisal. Garland & Associates is the appraiser most often used by the City to appraise properties, and Ronald Garland is very experienced with Suisun City properties.

The City does not receive much value from the existing lease other than maintaining the property for senior housing. D&M has agreed to keep the property as senior housing for a term of at least 25 years and making that a condition of sale. Since the lease expires in 2041 and the new 25-year senior housing restriction will go until 2044, selling the property to D&M with the included restriction will actually keep the use of the property as senior housing for a longer period than the term of the lease, and will provide some needed cash into the General Fund that can be used for other necessary City operations.

Before City property can be sold, the City must follow the procedures articulated by Section 37420 et seq. of the Government Code. The process runs as follows:

1. The City Council must adopt a resolution finding its intention to sell the property.
 - The resolution must: “(a) Fix a time for hearing protests to the sale. (b) Provide for publication of the notice of hearing. (c) Fix the time final action will be taken. (d) Contain an accurate description of the property to be sold.”

PREPARED BY:
REVIEWED BY:
APPROVED BY:

Greg Folsom, City Manager
 Anthony Taylor, City Attorney
 Greg Folsom, City Manager

- Additionally, the “resolution shall be published at least once in a daily newspaper published and circulated in the city or, if there is none, the legislative body shall designate a newspaper published in the county. It shall also be posted for not less than ten days in at least three conspicuous places upon each parcel of real property affected.”
2. Protests may be provided to the city clerk at any time prior to final action.
 - If no protests are received, or the council overrules the protests by a 4/5 vote, the sale can proceed.
 3. Sale of the property requires a 4/5 vote of the council at a noticed public hearing. If the sale does not pass by this margin (or if the protests are not overruled by a 4/5 vote) then no further action can be taken for 6 months (unless a special election is called) on the sale of the property. Note that the vote to proceed with the sale is separate from the vote needed to overrule the protests, if applicable.

Once the resolution of intent to sell City property is adopted by the Council, staff will publish and post the resolution as required by law, and issue a notice of public hearing for the Council to take final action on the sale. At the hearing, the Council will be provided with all protests, if any, and will take action on the sale of the property.

RECOMMENDATION: It is recommended that the City Council Adopt Resolution No. 2019-___: A Resolution of Intent to Sell Two Parcels Owned by the City (Assessor Parcel Numbers 0173-010-210 and 0173-010-220), located at 320 and 322 Merganser, and Authorize the City Manager to Take Any and All Actions Necessary to Move Forward with the Sale of the Property.

ATTACHMENTS:

1. Resolution No. 2019-___: A Resolution of Intent to Sell Two Parcels Owned by the City (Assessor Parcel Numbers 0173-010-210 and 0173-010-220), located at 320 and 322 Merganser, and Authorize the City Manager to Take Any and All Actions Necessary to Move Forward with the Sale of the Property.
2. Purchase and Sale Agreement
3. Original Ground lease
4. Ground lease 1st amendment
5. Ground lease 2nd amendment
6. Appraisal dated 6-15-17
7. Appraisal dated 9-19-19

RESOLUTION NO. 2019-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY ADOPTING A RESOLUTION OF INTENT TO SELL TWO PARCELS OWNED BY THE CITY (ASSESSOR PARCEL NUMBERS 0173-010-210 AND 0173-010-220) LOCATED AT 320 AND 322 MERGANSER, AND AUTHORIZE THE CITY MANAGER TO TAKE ANY AND ALL ACTIONS NECESSARY TO MOVE FORWARD WITH THE SALE OF THE PROPERTY

WHEREAS, the City owns property located at 320 and 322 Merganser Drive in Suisun City, consisting of Assessor Parcel Numbers 0173-010-210 and 0173-010-220 (the “Properties”).

WHEREAS, in 1985 the City authorized D&M Development (“Lessee”) to lease the Properties to build senior housing.

WHEREAS, Lessee has expressed interest in purchasing the Properties for the amount of \$550,000.

WHEREAS, \$550,000 is the appraised value based on an appraisal dated September 19, 2019, completed by Garland & Associates.

WHEREAS, the current Lessee has agreed that as a condition of the sale, the property will be restricted by a recorded covenant to use the property as senior housing for a term of at least 25 years until 2044.

WHEREAS, Section 37420 *et seq.* of the Government Code sets forth the procedures to dispose of City-owned residential real property, and requires that the City Council first adopt a resolution of intent to sell and conduct a noticed public hearing on the disposition prior to taking final action; and

NOW, THEREFORE, BE IT RESOLVED, THE CITY OF SUISUN CITY COUNCIL DOES HERBY RESOLVE AS FOLLOWS:

Section 1 Intention: The City Council Hereby declares its intent to sell the real property located at 320 and 322 Merganser Drive in Suisun City, also identified as Solano County Assessor’s Parcel Number (0173-010-210 and 0173-010-220) (the “Properties”).

Section 2 Notice of Public Hearing: Notice is hereby given that a public hearing for the City Council to take action on the sale of the Properties will be held by the City Council on November 26, 2019, or as soon as thereafter as feasible in the City Council Chambers, located at 701 Civic Center Boulevard, Suisun City.

Section 3 Notice: The City shall give notice of the time and place of the public hearing to all interested parties by causing the publishing of this Resolution once in the local newspaper, not less than ten (10) days before the date of the Public Hearing, and by posting a copy of this resolution on the official bulletin board customarily used by the City Council for the posting of notices. It shall also be posted for not less than ten days in at least three conspicuous places upon each parcel of the Properties. Any interested person may file a written protest with the City Clerk prior to the conclusion of the Public Hearing, or, having previously filed a protest, may file a written withdrawal of that protest. A written protest shall state all grounds of objection and a protest by a property owner shall contain a description sufficient or identify the property owned by such property owner. At the public hearing, all interested persons shall be afforded the opportunity to hear and be heard.

Section 4 Action on Protests: After the public hearing, the Council will take action with respect to any protests filed. Protests may be overruled by the City Council by a 4/5 vote.

Section 5. Final Action on Sale of Properties: After the public hearing, and provided that no protests are filed or the City Council overrules the protests by a 4/5 vote, the City Council will take final action to set the sale of the Properties in motion.

PASSED AND ADOPTED at a Regular Meeting of said City Council of the City of Suisun City duly held on Tuesday, the 5th day of November 2019, by the following vote:

AYES: Councilmembers: _____
NOES: Councilmembers: _____
ABSENT: Councilmembers: _____
ABSTAIN: Councilmembers: _____

WITNESS my hand and the seal of said City this 5th day of November 2019.

Donna Pock, CMC
Deputy City Clerk

**AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS ("**Agreement**") is made this ___ day of _____, 2019 by and between SENIOR HOUSING ASSOCIATES VIII, a California limited partnership and SOLANO SENIOR HOUSING, LTD, a California limited partnership (jointly and severally "**Buyer**"), and CITY OF SUISUN CITY, a municipal corporation ("**Seller**"). PLACER TITLE COMPANY, a California corporation shall act as escrow ("**Escrow Holder**").

RECITALS:

A. Seller is the owner of that certain real property in the City of Suisun City, County of Solano, State of California (Assessor Parcel Nos. 0173-010-210 & 0173-010-220) commonly known as 320 & 322 Merganser Drive and legally described in Exhibit "A" attached hereto ("**Property**").

B. Buyer currently leases the Property pursuant to that certain Ground Lease as described on Exhibit B attached hereto ("**Lease**"). Pursuant to the terms of the Lease, Buyer has improved the Property with multiple buildings which are operated as an affordable senior housing project with the units rented to qualified persons.

C. Seller has agreed to sell the Property to Buyer pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and incorporating the Recitals, the parties hereto agree as follows:

TERMS AND CONDITIONS:

1. PURCHASE AND SALE OF PROPERTY. Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer the Property in AS-IS condition, subject to the Lease and upon the other terms and conditions in this Agreement. **Seller makes no representation or warranty with respect to the Property is in compliance with documents of record as well as applicable laws including, but not limited to, the Subdivision Map Act.**

2. EFFECTIVE DATE: OPENING OF ESCROW.

2.1 Effective Date. This Agreement shall be deemed effective upon execution of the Agreement by Seller after the approval at a public meeting by the City Council of Seller as required by law ("**Effective Date**").

2.2 Opening of Escrow. Within three (3) days after the execution of this Agreement by Seller, the parties shall open an escrow with Escrow Holder by causing an executed copy of this Agreement to be deposited with Bev Bristow-Juarez, Escrow Officer (916) 666-1213 bjarez@placertitle.com at 30 West Main Street Suite A, Woodland, CA 95695 ("**Escrow**"). Escrow shall be deemed opened upon Escrow Holder's acknowledging receipt of ("**Opening of Escrow**"): (i) an executed copy of this Agreement; and (ii) Buyer's delivery of the Deposit (defined in Section 3.2a). If Escrow is not opened (as defined above) within ten (10) days after the Effective Date, Seller shall have the right to terminate this Agreement upon written notice to Buyer and Escrow Holder prior to the actual Opening of Escrow.

3. PURCHASE PRICE; PAYMENT OF PURCHASE PRICE.

3.1 Purchase Price. The purchase price for the Property is Five Hundred Fifty Thousand Dollars (\$550,000) ("**Purchase Price**").

3.2 Payment of Purchase Price.

a. **Deposit.** Upon Opening of Escrow, Seller shall deliver the sum of Twenty-Five Thousand (\$25,000) Dollars to Escrow Holder ("**Deposit**").

b. **Balance of Purchase Price.** Buyer shall deposit the balance of the Purchase Price with Escrow Holder in Good Funds (as defined below) at least one (1) business day prior to the Closing Date.

3.3 Good Funds. All funds deposited in Escrow shall be in "**Good Funds**" which means a wire transfer of funds, cashier's or certified check drawn on or issued by the offices of a financial institution located in the State of California.

3.4 Additional Consideration. As additional material consideration for the sale of the Property to Buyer, Buyer agrees to accept the Property subject to the covenant in the Grand Deed (as defined below) restricting the Property for use as a senior affordable housing project for twenty-five (25) years following the recordation of the Grant Deed ("**Covenant**").

4. FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLER.

4.1 Seller. Seller agrees that on or before 12:00 noon at least one (1) business day prior to the Closing Date, Seller will deposit with Escrow Holder such funds and other items and instruments (executed and acknowledged, if appropriate) as may be necessary in order for the Escrow Holder to comply with this Agreement, including without limitation:

- i. Executed and acknowledged grant deed in the form attached as Exhibit C ("**Grant Deed**") and such other documents as reasonably required by Title Company.
- ii. Two (2) executed and acknowledged copies of the Senior Housing Covenant Agreement in the form attached as Exhibit D ("**Covenant Agreement**").
- iii. A Non-Foreign Affidavit as required by federal law.
- iv. Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement.

4.2 Buyer. Buyer agrees that on or before 12:00 noon at least one (1) business day prior to the Closing Date, Buyer will deposit with Escrow Holder all additional funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement, including without limitation:

- i. A Preliminary Change of Ownership Statement completed in the manner required in Solano County ("**PCOR**").
- ii. Two (2) executed and acknowledged copies of the Covenant Agreement.

- iii. Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement.

5. CLOSING DATE; EXTENSION OPTIONS; TIME IS OF ESSENCE.

5.1 Closing Date. Escrow shall close within forty-five (45) days from the Opening of Escrow but not prior to adoption of the Resolution (“**Closing Date**”). The terms “**Close of Escrow**” and/or “**Closing**” are used herein to mean the time the Grant Deed, the Lease Termination Agreement (if applicable pursuant to Section 6.3), and the Covenant Agreement are filed for recordation (in that specific order) by the Escrow Holder in the Office of the County Recorder of Solano County, California.

5.2 Possession. Upon the Close of Escrow, Buyer shall remain in possession of the Property subject to the rights of the existing occupants.

5.3 Time is of Essence. Buyer and Seller specifically agree that time is of the essence under this Agreement.

5.4 Authority of City Manager. The City Manager or his designee, in his sole and exclusive discretion, shall have the authority on behalf of Seller to extend any deadlines and execute all documents required to effect the transaction in this Agreement.

6. TITLE POLICY.

6.1 Approval of Title. Promptly following execution of this Agreement but, in no event later than five (5) days following Opening of Escrow, a preliminary title report shall be issued by Placer Title Company (“**Title Company**”), describing the state of title of the Property, together with copies of all exceptions listed therein and a map plotting all easements specified therein (“**Preliminary Title Report**”). Within ten (10) days after Buyer’s receipt of the Preliminary Title Report, Buyer shall notify Seller in writing (“**Buyer’s Title Notice**”) of Buyer’s disapproval of any matters contained in the Preliminary Title Report which it is not otherwise required to accept as specified in Section 6.2 (“**Disapproved Exceptions**”).

In the event Buyer delivers Buyer’s Title Notice within said period, Seller shall have a period of seven (7) days after receipt of Buyer’s Title Notice in which to notify Buyer of Seller’s election to either (i) agree to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions (“**Seller’s Notice**”). If Seller notifies Buyer of its election to decline to remove the Disapproved Exceptions, or if Seller is unable to remove the Disapproved Exceptions, Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Seller and Escrow Holder within five (5) days following the earlier of (i) the date of written advice from Seller that such Disapproved Exception(s) cannot be removed; or (ii) the date Seller declines to remove such Disapproved Exception(s).

Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement, provided, however, that Buyer’s initial period of review and approval or disapproval of any such additional exceptions shall be limited to five (5) days following receipt of notice of such additional exceptions.

6.2 Title Policy. At the Close of Escrow, Escrow Holder shall furnish Buyer with an ALTA owner's non-extended Policy of Title Insurance insuring title to the Property vested in Buyer with coverage in the amount of the Purchase Price, containing only the exceptions to title (i) which have been approved or waived by Buyer in accordance with Section 6.1; (ii) any deeds of trust securing loans against the leasehold interest of Buyer; (iii) the Covenant Agreement; (iv) right of possession of current tenants; (v) the Lease (if it remains in effect pursuant to Section 6.3 below); and (vi) any exceptions resulting from acts of Buyer ("**Title Policy**"). The cost of the Title Policy to Buyer shall be paid by Seller but Buyer shall be obligated pay for any endorsements or an extended coverage policy.

6.3 Lease. If Buyer's leasehold interest is encumbered by a deed of trust, the Lease cannot be terminated as set forth in Article IX of the Lease (as amended) as well as any obligations of Seller pursuant to any agreement with the lender. Buyer shall have the right to terminate the Lease with lender's consent to termination of the Lease in a form acceptable to Seller ("**Lease Termination Agreement**") OR Buyer may elect to have Seller assign Seller's interest in the Lease to Buyer and Buyer will concurrently assume same pursuant to a form acceptable to Seller. If no deed of trust exists, the parties agree that the Lease shall be deemed automatically terminated as of the Close of Escrow and, if requested by Buyer, Seller shall execute a document in a form acceptable to Seller confirming such termination. Seller reserves the right to provide written notice of this transaction to any existing lender.

7. NHD REPORT. Within three (3) days of Opening of Escrow, Escrow Holder shall order and deliver to Buyer a comprehensive natural hazards disclosure report issued on the Property by Disclosure Source ("**NHD Report**"). The cost of the NHD Report shall be paid by Seller.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1 Conditions to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent ("**Buyer's Conditions Precedent**"):

- i. Title Company will issue the Title Policy as specified in Section 6.2.
- ii. Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.
- iii. Seller is not in default of its obligations under this Agreement.

8.2 Conditions to Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Seller of the following conditions precedent:

- i. Buyer has delivered the balance of the Purchase Price to Escrow Holder.
- ii. Title Company will issue the Title Policy as specified in Section 6.2.
- iii. Seller shall have complied with Government Code 37420 and adopts a resolution in accordance therewith authorizing the sale ("**Resolution**").
- iv. Escrow Holder holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement.

v. Buyer is not in default of its obligations under this Agreement or the Lease.

9. LIQUIDATED DAMAGES.

IF BUYER SHOULD MATERIALLY DEFAULT UNDER THIS AGREEMENT, BUYER AND SELLER AGREE THAT SELLER WILL INCUR DAMAGES BY REASON OF SUCH DEFAULT WHICH DAMAGES SHALL BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. THEREFORE, BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF SUCH DEFAULT BY BUYER HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE DEPOSIT SHALL CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTIONS 1671 AND 1677 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE FOR A BREACH PRIOR TO THE CLOSING. IF BUYER FAILS TO PROMPTLY DELIVER THE SUM SPECIFIED ABOVE TO SELLER, SUCH FAILURE SHALL CONSTITUTE A MATERIAL BREACH OF THIS PROVISION AND SELLER MAY ELECT TO SUE BUYER UNDER THIS PROVISION OR TO WAIVE THIS PROVISION AND PROCEED AGAINST BUYER FOR ALL APPLICABLE DAMAGES RESULTING FROM BUYER'S DEFAULT. THIS PROVISION DOES NOT APPLY TO OR LIMIT IN ANY WAY THE INDEMNITY OBLIGATIONS OF BUYER UNDER THIS AGREEMENT.

Seller's Initials

Buyer's Initials

10. CONDITION OF THE PROPERTY. Upon the Close of Escrow, Buyer shall acquire the Property in its "AS-IS" condition and Buyer shall be responsible for any defects in the Property, whether patent or latent, including, without limitation, the Property's compliance with applicable laws including, but not limited to, the Subdivision Map Act and the physical, environmental and geotechnical condition of the Property, and the existence of any contamination, Hazardous Materials, vaults, debris, pipelines, or other structures located on, under or about the Property, and Seller makes no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Property, and Seller specifically disclaims all representations or warranties of any nature concerning the Property made by it. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Property is suited, or drainage.

In connection therewith, Buyer and each of the entities constituting Buyer, expressly agree to waive any and all rights which said party may have with respect to such released claims under Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor or releasing party 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, would have materially affected his or her settlement with the debtor or released party."

Buyer Initials _____

Seller Initials _____

Notwithstanding any other provision of this Agreement, Buyer's release as set forth in the provisions of this Section, as well as all other provisions of this Section, shall survive the termination of this Agreement and shall continue in perpetuity.

11. **ESCROW PROVISIONS.**

11.1 Escrow Instructions. Sections 1 through 8, inclusive, 11, 14 and 15 constitute the escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Seller agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail. The terms and conditions in sections of this Agreement not specifically referenced above are additional matters for information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provision upon Escrow Holder's request. To the extent that the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller agree to execute additional instructions, documents and forms provide by Escrow Holder that are reasonably necessary to close Escrow.

11.2 General Escrow Provisions. Escrow Holder shall deliver the Title Policy to the Buyer and instruct the Solano County Recorder to mail the Grant Deed to Buyer at the address set forth in Section 15 after recordation. All funds received in this Escrow shall be deposited in one or more general escrow accounts of the Escrow Holder with any bank doing business in Solano County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall be according to that party's instructions.

11.3 No Proration of Real Property Taxes. Pursuant to the Lease, Tenant is responsible for all applicable real property taxes. Therefore, Escrow Holder is not to prorate real estate taxes as part of this transaction.

11.4 Rent Proration; Security Deposit. Escrow Holder shall not be concerned with rent proration as the annual rent under the Lease is only One Dollar (\$1). Seller does not hold a security deposit under the Lease.

11.5 Payment of Costs.

- a. **Cost Allocation.** Seller shall pay, any documentary transfer taxes, and one-half (1/2) of the escrow costs ("**Seller's Charges**"). Buyer shall pay the cost of the Title Policy (non-extended ALTA owner's policy) and any additional endorsements to the Title Policy requested by Buyer (including an extended coverage ALTA owner's policy), one-half (1/2) of the escrow fees, the recording charges for the Grant Deed and any charges incurred by Buyer's acts ("**Buyer's Charges**"). No recording charges are applicable to the Covenant Agreement. All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder.
- b. **Closing Statement.** At least two (2) business days prior to the Closing Date, Escrow Holder shall furnish Buyer and Seller with a preliminary escrow closing statement which shall include each party's respective shares of costs. The preliminary closing statement shall be approved in writing by the parties. As soon as reasonably possible following the Close of Escrow, Escrow Holder shall deliver a copy of the final Escrow closing statement to the parties.

11.6 Termination and Cancellation of Escrow. If Escrow fails to close due to a failure of a condition precedent, then the party in whose favor the condition precedent runs may elect to cancel this Escrow upon written notice to the other party and Escrow Holder. Upon cancellation, Escrow Holder is instructed to return (i) the Deposit to Buyer (less any cancellation fees) unless Seller is entitled to same pursuant to Section 9, and (ii) all documents then in Escrow to the respective depositor of the same with Escrow Holder. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Seller may have against each other arising from the Escrow or this Agreement.

11.7 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report (“**Information Report**”) and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045I regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045I, and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

11.8 No Withholding as Foreign Seller. Seller represents and warrants to Buyer that Seller is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state seller under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow a non-foreign affidavit on Escrow Holder’s standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and a California Form 590-RE.

11.9 Brokerage Commissions. Buyer and Seller each represent and warrant to the other that no third party is entitled to a broker’s commission and/or finder’s fee with respect to the transaction contemplated by this Agreement. Buyer and Seller each agree to indemnify and hold the other parties harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys’ fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay a broker’s commission and/or finder’s fee.

12. RISK OF PHYSICAL LOSS. Prior to the Closing, risk of physical loss to the Property shall be borne pursuant to the Lease.

13. NON-COLLUSION. No official, officer, or employee of the Agency has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of the Agency participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interest found to be “remote” or “non-interest” pursuant to

California Government Code Sections 1091 and 1091.5. Seller warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, and Agency official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Seller further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any Agency official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement. Seller is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Buyer's Initials: _____

14. NOTICES. Any notice which either party may desire to give to the other party or to the Escrow Holder must be in writing and may be given (i) by personal delivery which will be deemed received the following day or (ii) by mailing the same by registered or certified mail, return receipt requested which will be deemed delivered three (3) days after depositing same in the mail, addressed to the party to whom the notice is directed as set forth below, or such other address and to such other persons as the parties may hereafter designate:

To Seller: City of Suisun City
701 E. Suisun City Street
Suisun City, CA 90745
Attention: City Manager

With a Copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attention: Anthony Taylor/Anne Lanphar

To Buyer: Senior Housing Associates VIII
Solano Senior Housing Ltd
1224 Cottonwood Street Suite 200
Woodland, CA 95695
Attn: Theodore Caldwell, General Partner

With a Copy to: Robert W. Dillon, Esq.
3939 Pozzallo Lane
Sacramento, CA 95834

To Escrow Holder: Placer Title Company
30 West Main Street Suite A
Woodland, CA 95695
Attn: Bev Bristow-Juarez, Escrow Officer

15. GENERAL PROVISIONS.

15.1 Assignment. Buyer has no right to assign this Agreement without the prior written consent of Seller in its sole discretion. This Agreement shall be binding upon and shall

inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns.

15.2 Attorney's Fees. In any action between the parties hereto, seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or in connection with the Property, the prevailing party in such action shall be entitled, to have and to recover from the other party its reasonable attorneys' fees and other reasonable expenses in connection with such action or proceeding, in addition to its recoverable court costs.

15.3 Interpretation; Governing Law; Venue. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates. The venue for any dispute shall be Solano County.

15.4 No Waiver. No delay or omission by either party in exercising any right or power accruing upon the compliance or failure of performance by the other party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party of a breach of any of the covenants, conditions or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

15.5 Amendments. Any amendment or modification of this Agreement must be in writing and executed by both parties.

15.6 Qualification and Authority. Each individual executing this Agreement on behalf of Buyer represents, warrants and covenants to the Authority that (a) such person is duly authorized to execute and deliver this Agreement on behalf of Buyer in accordance with authority granted under the organizational documents of such entity, and (b) Buyer is bound under the terms of this Agreement.

15.7 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provisions, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15.8 Merger. This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to contemporaneous agreements, understandings, representations and statements, oral or written are merged herein and shall be of no further force or effect.

15.9 Construction. In determining the meaning of, or resolving any ambiguity with respect to, any word, phrase or provision of this Agreement, no uncertainty or ambiguity shall be construed or resolved against a party under any rule of construction, including the party primarily responsible for the drafting and preparation of this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or

intent. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

15.10 Qualification and Authority. Each individual executing this Agreement on behalf of Buyer represents, warrants and covenants to the Authority that (a) such person is duly authorized to execute and deliver this Agreement on behalf of Buyer in accordance with authority granted under the organizational documents of such entity, and (b) Buyer is bound under the terms of this Agreement.

15.11 No Third Party Beneficiaries. This Agreement is only between the parties, and is not intended to be nor shall it be construed as being for the benefit of any third party.

15.12 Execution in Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

15.13 Exhibits. Exhibits A, B, C & D attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property and Escrow Instructions as of the date set forth above.

NOTE: Each of Sections 9, 10 & 13 must also be initialed.

BUYER:

SENIOR HOUSING ASSOCIATES VIII,
a California limited partnership

By: _____
Theodore C. Caldwell
General Partner

SOLANO SENIOR HOUSING, LTD,
a California limited partnership

By: _____
Theodore C. Caldwell
General Partner

SELLER:

CITY OF SUISUN CITY, a municipal
corporation

By: _____
Lori Wilson, Mayor
_____, 2019

ATTEST:

Linda Hobson, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Anthony Taylor, City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The real property located in the City of Suisun City, County of Solano, State of California described as follows:

Parcel "A" as shown on Parcel Map filed September 18, 1986, Book 30 of Parcel Maps, Page 15, Solano County Records.

RESERVING THEREFROM, a Joint Access Easement "AA" in favor of Parcels "B" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "A" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

COMMENCING at the Southeast corner of said Parcel "A"; thence Westerly along the Southerly line of said Parcel "A", as shown on the above mentioned Parcel Map, S 86° 40' 00" W 5.02 Ft. to the TRUE POINT OF BEGINNING; thence continuing along said Southerly line of Parcel "A", S 86° 40' 00" W 20.06 Ft.; thence leaving said Southerly line of Parcel "A", N 01° 13' 25" E 358.13 Ft.; thence N. 89° 24' 26" W. 160.10 Ft., to the common lot line of said Parcels "A" and "B"; thence Northerly along said common line of Parcels "A" and "B", N 00° 14' 23" E. 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", S 89° 24' 26" E. 180.44 Ft.; thence S 01° 13' 25" W. 376.75 Ft. to the TRUE POINT OF BEGINNING

TOGETHER WITH a Joint Access Easement "BB" In favor of Parcels "A" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "B" also shown on above mentioned Parcel Map described as follows:

All that certain Real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B" as shown on the above mentioned Parcel Map; thence Northerly along the common boundary of said Parcels "A" and "B" as shown on the above mentioned Parcel Map, N 00° 14' 23" E 123.24 Ft.; thence leaving said common line of Parcels "A" and "B", N 88° 16' 05" W 156.25 Ft.; thence N 00° 43' 00" W 242.38 Ft.; thence S 89° 24' 26" E 160.25 Ft., to the common boundary of Parcels "A" and "B" as shown on the above mentioned Parcel Map; thence Northerly along said common line, N 00° 14' 23" E 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", N 89° 24' 26" W, 180.59 Ft.; thence S 00° 43' 00" E 261.99 Ft.; thence N 88° 16' 05" W 5.00 Ft. to the Westerly boundary of Parcel "B" as shown on above Parcel mentioned Parcel Map; thence Southerly along said Westerly boundary of Parcel "B", S 00° 43' 00" E 25.02 Ft. to the common line of Parcels "B" and "C" of above mentioned Parcel Map; thence Easterly along common line of said Parcels "B" and "C" and the prolongation of said common line, S 88° 16' 05" E 155.85 Ft. ; Thence S 00° 14' 23" W 100.45 Ft. to the Southerly line of said Parcel "B"; thence along said Southerly line of said Parcel "B" from a tangent bearing of N 86° 45' 20" E along a curve to the left having a radius of 972.50 Ft., through a central angle of 0° 05' 26" for an arc Length of 1.54 Ft.; thence N 86° 40' 00" E 23.51 Ft. to the POINT OF BEGINNING.

ALSO TOGETHER WITH a Joint Access Easement "CC" in favor of Parcels "A" and

PARCEL ONE CONTINUED

"B" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps at page 15, Solano County Records, across Parcel "C" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southwest corner of Parcel "C" as shown on the above mentioned Parcel Map; thence Northerly along the Westerly line of said Parcel "C", N 00° 43' 00" W 102.00 Ft. to the Northwest corner of said Parcel "C", said Northwest corner also being the Southwest corner of Parcel "B"; thence Easterly along the common line of Parcels "B" and "C", S 88° 16' 05" E 25.02 Ft.; thence leaving said common line of said Parcels "B" and "C", S 00° 43' 00" E, 103.14 Ft. to the Southerly line of said Parcel "C"; thence along said Southerly line of Parcel "C", N 85° 40' 00" W 25.10 Ft. to the POINT OF BEGINNING.

EXHIBIT "B"

SUMMARY OF LEASE DOCUMENTS

**GROUND LEASE, AMENDMENTS & ASSIGNMENTS;
REGULATORY AGREEMENTS**

GROUND LEASE, AMENDMENTS AND ASSIGNMENTS:

Ground Lease, dated December 27, 1985, by and between Lessor and D&M Development Co., a California general partnership ("**Original Ground Lessee**"), recorded in the real property records of Solano County, California ("**Official Records**"), on June 11, 1986 as Instrument No. 29345, Book 1986, Page 58743.

First Amendment to Ground Lease, dated October 27, 1986, by and between Lessor and Original Ground Lessee, recorded on November 3, 1986 in the Official Records as Instrument No. 63493, Book 1986, Page 130723.¹

Second Amendment to Ground Lease dated February 23, 1989, by and between Ground Lessor and Second Ground Lessee, recorded on March 8, 1989 in the Official Records as Instrument No. 890013646.

REGULATORY AGREEMENTS:

1. Regulatory Agreement dated December 1, 1985 by and between Original Ground Lessee and the Housing Authority of the City of Suisun City, recorded December 27, 1985 in the Official Records as Instrument No. 61807 in Book 1985 at Page 123763.
2. Regulatory Agreement dated December 1, 1985 by and among Original Ground Lessee, the Housing Authority of the City of Suisun City and Ground Lessor City, recorded May 14, 1986 in the Official Records as Instrument No. 23715 at in Book 1986 at Page 46545, of the Official Records.

¹ Original Ground Lessee and Lessor executed that certain "First Amendment to Ground Lease between City of Suisun City and D&M Development Co." dated June 23, 1986 which was not recorded and appears to have been superseded by this First Amendment.

EXHIBIT "C"
GRANT DEED

**Recording requested by and
When Recorded Return to:**

Senior Housing Associates VIII
Solano Senior Housing Ltd
1224 Cottonwood Street Suite 200
Woodland, CA 95695
Attn: Theodore Caldwell, General Partner



APNs. 0173-010-210 & 0173-010-220

(Space Above This Line for Recorder's Office Use Only)

THE UNDERSIGNED GRANTOR DECLARES that the
documentary transfer tax (computer on full value) is
\$ _____

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged and subject to the covenants set forth below CITY OF SUISUN CITY, a municipal corporation ("**Grantor**") grants to SENIOR HOUSING ASSOCIATES VIII, a California limited partnership and SOLANO SENIOR HOUSING, LTD, a California limited partnership ("**Grantee**"), all of its rights, title, and interest in that certain real property in the City of Suisun City, County of Solano, State of California, as more particularly described in Exhibit A attached hereto and incorporated by this reference ("**Property**").

Grantee accepts title to the Property subject to all easements, encumbrances. covenants and matters of record as of the date of this Deed is recorded in the Official Records of Solano County.

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed on its behalf as of the date written below.

GRANTOR:

CITY OF SUISUN CITY, a municipal corporation

ATTEST:

Linda Hobson, City Clerk

By: _____
Lori Wilson, Mayor

_____, 2019

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Anthony Taylor, City Attorney

EXHIBIT A LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Suisun City, County of Sonoma, State of California, and is described as follows:

Parcel "A" as shown on Parcel Map filed September 18, 1986, Book 30 of Parcel Maps, Page 15, Solano County Records.

RESERVING THEREFROM, a Joint Access Easement "AA" in favor of Parcels "B" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "A" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

COMMENCING at the Southeast corner of said Parcel "A"; thence Westerly along the Southerly line of said Parcel "A", as shown on the above mentioned Parcel Map, S 86° 40' 00" W 5.02 Ft. to the TRUE POINT OF BEGINNING; thence continuing along said Southerly line of Parcel "A", S 86° 40' 00" W 20.06 Ft.; thence leaving said Southerly line of Parcel "A", N 01° 13' 25" E 358.13 Ft.; thence N. 89° 24' 26" W. 160.10 Ft., to the common lot line of said Parcels "A" and "B"; thence Northerly along said common line of Parcels "A" and "B", N 00° 14' 23" E. 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", S 89° 24' 26" E. 180.44 Ft.; thence S 01° 13' 25" W 376.75 Ft. to the TRUE POINT OF BEGINNING

TOGETHER WITH a Joint Access Easement "BB" In favor of Parcels "A" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "B" also shown on above mentioned Parcel Map described as follows:

All that certain Real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B" as shown on the above mentioned Parcel Map; thence Northerly along the common boundary of said Parcels "A" and "B" as shown on the above mentioned Parcel Map, N 00° 14' 23" E 123.24 Ft.; thence leaving said common line of Parcels "A" and "B", N 88° 16' 05" W 156.25 Ft.; thence N 00° 43' 00" W 242.38 Ft.; thence S 89° 24' 26" E 160.25 Ft., to the common boundary of Parcels "A" and "B" as shown on the above mentioned Parcel Map; thence Northerly along said common line, N 00° 14' 23" E 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", N 89° 24' 26" W, 180.59 Ft.; thence S 00° 43' 00" E 261.99 Ft.; thence N 88° 16' 05" W 5.00 Ft. to the Westerly boundary of Parcel "B" as shown on above Parcel mentioned Parcel Map; thence Southerly along said Westerly boundary of Parcel "B", S 00° 43' 00" E 25.02 Ft. to the common line of Parcels "B" and "C" of above mentioned Parcel Map; thence Easterly along common line of said Parcels "B" and "C" and the prolongation of said common line, S 88° 16' 05" E 155.85 Ft. ; Thence S 00° 14' 23" W 100.45 Ft. to the Southerly line of said Parcel "B"; thence along said Southerly line of said Parcel "B" from a tangent bearing of N 86° 45' 20" E along a curve to the left having a radius of 972.50 Ft., through a central angle of 0° 05' 26" for an arc Length of 1.54 Ft.; thence N 86° 40' 00" E 23.51 Ft. to the POINT OF BEGINNING.

ALSO TOGETHER WITH a Joint Access Easement "CC" in favor of Parcels "A" and

PARCEL ONE CONTINUED

"B" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps at page 15, Solano County Records, across Parcel "C" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southwest corner of Parcel "C" as shown on the above mentioned Parcel Map; thence Northerly along the Westerly line of said Parcel "C", N 00° 43' 00" W 102.00 Ft. to the Northwest corner of said Parcel "C", said Northwest corner also being the Southwest corner of Parcel "B"; thence Easterly along the common line of Parcels "B" and "C", S 88° 16' 05" E 25.02 Ft.; thence leaving said common line of said Parcels "B" and "C", S 00° 43' 00" E, 103.14 Ft. to the Southerly line of said Parcel "C"; thence along said Southerly line of Parcel "C", N 85° 40' 00" W 25.10 Ft. to the POINT OF BEGINNING.

EXHIBIT "D"
COVENANT AGREEMENT

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Suisun City
701 E. Suisun City Street
Suisun City, CA 90745
Attention: City Clerk

APNs. 0173-010-210 & 0173-010-220

(Space Above This Line for Recorder's Office Use Only)

(Exempt from Recording Fee per Gov. Code §6103)

SENIOR HOUSING COVENANT AGREEMENT

This Senior Housing Covenant Agreement ("**Agreement**") is made on _____, 2019 by and between SENIOR HOUSING ASSOCIATES VIII, a California Limited Partnership and SOLANO SENIOR HOUSING, LTD., a California Limited Partnership ("**Owner**") and THE CITY OF SUISUN CITY, a municipal corporation ("**City**").

RECITALS

- A. Owner owns the real property located commonly known as 320 & 322 Merganser Drive (APNs 0173-010-210 & 0173-010-220) in the City of Suisun City, State of California as legally described on Exhibit A attached hereto and incorporated herein by reference ("**Property**").
- B. Prior to acquisition of fee title, Owner had leased the Property from the City pursuant to a long-term ground lease and constructed and operated a senior housing apartment project with one hundred and four (104) rental units ("**Project**").
- C. Concurrently with the recordation of this Agreement, Owner acquired fee title to the Property from City. As material consideration for the sale of the Property, Owner agreed to continue to operate the Project pursuant to the terms of this Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

- 1. **DEFINITION.** As used in this Agreement "senior citizen" means a person who is fifty-five (55) years of age or older.
- 2. **USE OF THE UNITS.** Owner hereby covenants and agrees for itself, its lessees, successors and assigns that for the duration of this Agreement, all units on the Property shall be occupied or reserved for occupancy on a continuous basis for senior citizens. It is intended by Owner and City that this senior housing covenant shall run with the land and bind the Property with the benefit of this covenant running in favor of the City in order to preserve the public interest in maintaining the City's stock of available senior housing units.

3. MANAGEMENT AND MAINTENANCE STANDARDS. Owner and its successors shall manage the Property in accordance with generally accepted property management principles consistent with management standards for senior citizen apartment complexes in the area in which the Property is located. At all times during the term of this Agreement, Owner and its successors shall maintain the Property, its buildings, including electrical, plumbing, heating, ventilating and air conditioning and other systems, all common areas, driveways and parking areas and all landscaping and irrigation facilities in good condition and repair. All units of the Property shall continuously meet the Housing Quality Standards established by Section 8 monitored by the Housing Authority of Suisun City.

4. NO IMPAIRMENT OF LIEN. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Owner to the Property shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. DURATION AND TERMINATION. The covenants contained in this Agreement shall be deemed to run with the land and shall terminate Twenty-five (25) years from the date of recordation of this Agreement in the Official Records of Solano County ("**Official Records**"). Upon termination, Owner and City shall each execute and acknowledge a form to terminate this Agreement which shall be recorded in the Official Records.

6. ENFORCEMENT OF AGREEMENT. Owner agrees to provide written certification to City that Owner is in compliance with the terms of this Agreement. Upon reasonable written notice to Owner, City shall have the right to review Owner's records to confirm compliance with this Agreement. Any failure by Owner to cause all units on the Property to be occupied or reserved for occupancy on a continuous basis for senior citizens shall constitute a default under this Agreement. In the event that such default shall occur, City may elect to pursue any remedy available to it under law or equity, including, but not limited to, injunction or specific performance.

7. AMENDMENT OR MODIFICATION. This Agreement may not be amended or modified except (i) in writing executed by the then current owner(s) of the Property and the City, and (ii) recorded in the Official Records.

8. SUCCESSOR AND ASSIGNS. This Agreement and all rights and obligations hereunder shall be binding upon and shall inure to the benefit of City and Owner and their respective successors in interest and assigns.

9. MISCELLANEOUS.

A. Notices. Any notices, demands, or communications under this Agreement shall be in writing, and may be given either by (i) personal services, (ii) overnight delivery, or (iii) mailing via United States mail, certified mail, postage prepaid, return service requested, addressed to Owner at the Property and to City at City Hall or such other address as may be furnished in writing by a party, and such notice or communication shall, if properly addressed, be deemed to have been given as of the date so delivered, or three (3) business days after deposit into the United States mail.

B. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

- C. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California and any legal action shall be brought in a court of competent jurisdiction in Solano County.
- D. Attorney's Fees.** In the event of any litigation or other legal proceeding arising from this Agreement, the prevailing party will be entitled to recover, in addition to any other relief awarded or granted, its reasonable costs and expenses, including attorney's fees, incurred in the proceeding.
- E. Final Agreement.** This Agreement contains the entire understanding and agreement with respect to the subject matter of this Agreement and all prior or contemporaneous documents, communications, understandings, representations, and statements shall be of no force or effect.
- F. Construction.** This Agreement shall be construed according to its fair meaning as if prepared by all parties to this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.
- G. No Waiver.** The failure to enforce any term, covenant, or condition of this Agreement shall not be construed as a waiver of the right to enforce this, or any other, term, covenant, or condition of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date specified above.

OWNER:

SENIOR HOUSING ASSOCIATES VIII,
a California limited partnership

CITY:

CITY OF SUISUN CITY, a municipal
corporation

By: _____
Theodore C. Caldwell
General Partner

By: _____
Lori Wilson, Mayor

_____, 2019

SOLANO SENIOR HOUSING, LTD,
a California limited partnership

ATTEST:

By: _____
Theodore C. Caldwell
General Partner

Linda Hobson, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Anthony Taylor, City Attorney

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Suisun City, County of Sonoma, State of California, and is described as follows:

Parcel "A" as shown on Parcel Map filed September 18, 1986, Book 30 of Parcel Maps, Page 15, Solano County Records.

RESERVING THEREFROM, a Joint Access Easement "AA" in favor of Parcels "B" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "A" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

COMMENCING at the Southeast corner of said Parcel "A"; thence Westerly along the Southerly line of said Parcel "A", as shown on the above mentioned Parcel Map, S 86° 40' 00" W 5.02 Ft. to the TRUE POINT OF BEGINNING; thence continuing along said Southerly line of Parcel "A", S 86° 40' 00" W 20.06 Ft.; thence leaving said Southerly line of Parcel "A", N 01° 13' 25" E 358.13 Ft.; thence N. 89° 24' 26" W. 160.10 Ft., to the common lot line of said Parcels "A" and "B"; thence Northerly along said common line of Parcels "A" and "B", N 00° 14' 23" E. 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", S 89° 24' 26" E. 180.44 Ft.; thence S 01° 13' 25" W 376.75 Ft. to the TRUE POINT OF BEGINNING

TOGETHER WITH a Joint Access Easement "BB" In favor of Parcels "A" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "B" also shown on above mentioned Parcel Map described as follows:

All that certain Real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B" as shown on the above mentioned Parcel Map; thence Northerly along the common boundary of said Parcels "A" and "B" as shown on the above mentioned Parcel Map, N 00° 14' 23" E 123.24 Ft.; thence leaving said common line of Parcels "A" and "B", N 88° 16' 05" W 156.25 Ft.; thence N 00° 43' 00" W 242.38 Ft.; thence S 89° 24' 26" E 160.25 Ft., to the common boundary of Parcels "A" and "B" as shown on the above mentioned Parcel Map; thence Northerly along said common line, N 00° 14' 23" E 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", N 89° 24' 26" W, 180.59 Ft.; thence S 00° 43' 00" E 261.99 Ft.; thence N 88° 16' 05" W 5.00 Ft. to the Westerly boundary of Parcel "B" as shown on above Parcel mentioned Parcel Map; thence Southerly along said Westerly boundary of Parcel "B", S 00° 43' 00" E 25.02 Ft. to the common line of Parcels "B" and "C" of above mentioned Parcel Map; thence Easterly along common line of said Parcels "B" and "C" and the prolongation of said common line, S 88° 16' 05" E 155.85 Ft. ; Thence S 00° 14' 23" W 100.45 Ft. to the Southerly line of said Parcel "B"; thence along said Southerly line of said Parcel "B" from a tangent bearing of N 86° 45' 20" E along a curve to the left having a radius of 972.50 Ft., through a central angle of 0° 05' 26" for an arc Length of 1.54 Ft.; thence N 86° 40' 00" E 23.51 Ft. to the POINT OF BEGINNING.

ALSO TOGETHER WITH a Joint Access Easement "CC" in favor of Parcels "A" and

PARCEL ONE CONTINUED

"B" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps at page 15, Solano County Records, across Parcel "C" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southwest corner of Parcel "C" as shown on the above mentioned Parcel Map; thence Northerly along the Westerly line of said Parcel "C", N 00° 43' 00" W 102.00 Ft. to the Northwest corner of said Parcel "C", said Northwest corner also being the Southwest corner of Parcel "B"; thence Easterly along the common line of Parcels "B" and "C", S 88° 16' 05" E 25.02 Ft.; thence leaving said common line of said Parcels "B" and "C", S 00° 43' 00" E, 103.14 Ft. to the Southerly line of said Parcel "C"; thence along said Southerly line of Parcel "C", N 85° 40' 00" W 25.10 Ft. to the POINT OF BEGINNING.

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 201_ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

RECORDING REQUESTED BY:

City of Suisun City

WHEN RECORDED RETURN TO:

James Warren Beebe,
A Law Corporation
626 Wilshire Boulevard
Suite 900
Los Angeles, California 90017

(The Space Above For Recorder's Use)

GROUND LEASE

Between

CITY OF SUISUN CITY
("Lessor")

And

D & M DEVELOPMENT CO.,
a California general partnership
("Lessee")

D0029:471.10
12-24-85 (JAS:ly)

GROUND LEASE

This Lease Agreement is made and entered into this 27th day of December, 1985, by and between the CITY OF SUISUN CITY (hereinafter collectively referred to as "Lessor") and D & M DEVELOPMENT CO., a California general partnership consisting of RAYMOND P. MATHEWS, an individual, and THOMAS A. DAILEY, an individual (hereinafter collectively referred to as "Lessee").

RECITALS

This Lease is based upon the following facts:

A. Lessor is the sole and exclusive owner of that certain unimproved real property located in the City of Suisun City, Solano County, California, which is more particularly described in Exhibit A which is attached hereto and incorporated herein by reference. Said real property shall be referred to as "the property."

B. The Lessee desires to lease the Property from Lessor and Lessor is willing to lease the Property to Lessee, all for the purpose set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained herein, the parties agree as follows:

I

AGREEMENT TO LEASE

1.01 LEASE OF PROPERTY: The Lessor hereby leases to Lessee and Lessee hereby hires from Lessor the Property as described in this Lease Agreement.

II

TERM OF LEASE

2.01 TERM: The term of this Lease shall be for a period of fifty-five (55) years commencing January 1, 1986, and terminating at midnight, Pacific Time, December 31, 2041.

III

RENT

3.01 RENT: The Lessee agrees to pay Lessor, commencing on the first (1st) day of January, 1986, and on the first (1st) day of each succeeding year thereafter, an annual rent of One Dollar (\$1.00).

3.02 PLACE AND MANNER OF PAYMENT:- All rent that becomes due and payable under this Lease shall be paid to Lessor at the address designated for notices in the Loan Agreement (as defined herein) or at such other place as Lessor may, from time to time designate by written notice given to Lessee. All payments shall be made in lawful money of the United States without deduction or offset.

IV

BASIC DOCUMENTS

4.01 ISSUANCE OF MUNICIPAL BONDS: It is contemplated by Lessor and Lessee that certain tax-exempt municipal bonds may be issued to finance the project contemplated by this Lease. The bonds are entitled:

Bond Title:

\$3,500,000 HOUSING AUTHORITY OF THE CITY OF SUISUN CITY, 1985 FLOATING RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (Casa De Susisun Project) (the "Bonds")

They are issued pursuant to the following "Basic Documents" as defined in the Indenture referenced below, including without limitation:

Indenture Title:

INDENTURE (the "Indenture") Between HOUSING AUTHORITY OF THE CITY OF SUISUN CITY (as "Issuer") and UNITED BANK OF ARIZONA (as "Trustee") dated as of December 1, 1985 (the "Indenture")

Loan Agreement Title:

LOAN AGREEMENT (the "Loan Agreement") between HOUSING AUTHORITY OF THE CITY OF SUISUN CITY and D & M DEVELOPMENT COMPANY, a California partnership (as "Company"), dated as of December 1, 1985 (the "Loan Agreement")

Regulatory Agreement Title:

REGULATORY AGREEMENT (the "Regulatory Agreement") Between HOUSING AUTHORITY OF THE CITY OF SUISUN CITY and D & M DEVELOPMENT COMPANY, a California partnership (as "Company") dated as of December 1, 1985 (the "Regulatory Agreement")

4.02 BASIC DOCUMENTS CONTROL: This Lease is being entered into by the Lessor and the Lessee in furtherance of the construction of the Project described in the Resolution of the Housing Authority of the City of Suisun City (the "Housing Authority") adopting and approving the Basic Documents. The Property shall be developed only as permitted by the Basic Documents, and the terms of the Basic Documents shall control the provisions of this Lease. In no event shall the tax-exempt status of the above entitled Bonds be jeopardized and, if necessary, the parties shall obtain an opinion of Bond Counsel as to the effect of any change or amendment. Any financing mortgage entered into by the Lessee shall be expressly subordinate to this Lease and to the Basic Documents.

4.03 DURATION: The provisions of this Article IV shall be effective until the later of (i) the date of final maturity or redemption of all Bonds, or (ii) the expiration of the Regulatory Agreement pursuant to the provisions thereof. Upon the occurrence of such date, Lessor and Lessee shall obtain an opinion of Bond Counsel to the effect that the tax-exempt status of the Bonds will not be effected upon the issuance of such an opinion, the provisions of Article IV will have no further effect whatsoever.

CONSTRUCTION OF IMPROVEMENTS

5.01 LESSEE'S OBLIGATION: During the term of this Lease, Lessee will construct a fifty-two (52) unit senior citizens' apartment complex on the Property in accordance with plans and specifications prepared by Munson & Cox,

Architects, Vallejo, California. In the event construction is not substantially complete by July 1, 1988, the Lessee shall pay to Lessor the sum of Seventy Five Thousand Dollars (\$75,000) as liquidated damages and not as a penalty. Such sum shall be deposited into the Lessor's "Low and Moderate Income Housing Fund", and shall be used to reimburse the Lessor and the Housing Authority for its costs incurred in connection with the development of the senior citizens' housing on the Property, and the costs of completing the project and providing for the operation thereof and also to finance the furthur development of the Property and the much needed low and moderate income and low income housing in the jurisdiction of the City and the Authority. The term "substantially complete" shall mean that at least ninety percent (90%) of the value of all improvements, as determined by Lessee's construction budget, shall have been completed. The remedy provided in this Paragraph 5.01 shall constitute the exclusive remedy of the Lessor for the failure of Lessee to substantially complete construction of improvements within the aforesaid time period. The parties agree that it would be extremely impractical and difficult to fix damages resulting from such breach and the consequent damage to the low and moderate income and low income housing programs of the City and the Authority, and therefore agree that the aforesaid sums represent a reasonable endeavor by the parties to estimate a fair compensation for foreseeable losses which could result from such delat.

VI

DEFAULT AND DETERMINATION

6.01 LESSEE'S DEFAULT: Each of the following events shall constitute a default by Lessee and the breach of this Lease:

(a) Abandonment or surrender of the property or of the leasehold estate or failure or refusal to pay when due any installment of rent or any other sum required by this Lease to be paid by Lessee, or to perform as required or conditioned by any other covenant or condition of this Lease;

(b) Occurrence of an event of default under any of the Basic Documents.

6.02 NOTICE BY LESSOR: As a precondition to pursuing any remedy for an alleged default by Lessee, the Lessor shall, before pursuing any such remedy, give notice of default to Lessee and to mortgagees whose names and addresses were previously given to Lessor in a notice or notices from Lessee or any qualifying mortgagee stating that the notice is for the purpose of notice under this paragraph. The qualifying mortgagee is a mortgagee under a mortgage then existing under the provisions of this Lease, which, as aforesaid must be subordinate to the Lease and to the Basic Documents. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

6.03 LESSOR'S REMEDIES: If any default by Lessee shall continue uncured for thirty (30) days following notice of default as required by this Lease, Lessor shall have the following remedies in addition to any and all rights and remedies provided by law or in equity to which Lessor has the right to resort cumulatively or in the alternative.

(a) Lessor may terminate this Lease by giving Lessee written notice of termination. On the giving of such notice, all of Lessee's rights in the Property and all improvements shall terminate.

(b) The liquidated damages specified in Article V shall then be paid.

6.04 WAIVER OF BREACH: The waiver by Lessor of any breach by Lessee under any provision of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this Lease.

VII

MISCELLANEOUS

7.01 TIME IS OF THE ESSENCE: Except as otherwise specifically provided in this Agreement, time is of the essence of this AGREEMENT in each and every provision thereof.

7.02 NOTICES: All notices or other communications made pursuant hereto shall be made as required by the Basic Documents.

7.03 BINDING EFFECT: This Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

7.04 ~~ENTIRE-AGREEMENT:~~ Except as provided herein, this Lease contains the entire agreement between the parties with respect to the matters covered hereby and supersedes all prior arrangements and understandings between the parties.

7.05 AMENDMENTS: This Lease may not be amended except by written document signed by each of the parties hereto.

7.06 FURTHUR DOCUMENTS: Each party will, whenever and as often as it shall be requested by the other party, execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered furthur instruments, documents, and amendments to this lease as may be necessary in order to complete the performance of all acts, covenants and obligations contemplated by this lease and as required by the construction and/or permanent lender.

7.07 SURVIVAL: All agreements, covenants and conditions, including without limitation, Lessor's and Lessee's warranties and Lessor's and Lessee's indemnities which are contained in this Lease shall survive the termination of this Lease.

7.08 RECITALS AND CAPTIONS: The recitals in captions of the paragraphs and subparagraphs of this Lease are for convenience and reference only and the words contained therein shall in no way be held to explain, modify or aid in the interpretation of construction or meaning of the provisions of this Lease.

7.09 APPLICABLE LAW: This Lease shall be construed and interpreted under and governed and enforced according to the laws of the State of California.

7.10 EXHIBITS: All exhibits attached hereto and referred to in this Lease are incorporated herein by reference.

[ATTACH SIGNATURE PAGE]

DESCRIPTION

Division of the Lands of the City of Suisun City

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being a portion of Parcel 2 as shown on that certain map entitled "Cold Spring Harbor Unit No. 1", recorded in Book 29 of Maps, at Page 30, Solano County Records, described

PARCEL A

BEGINNING at a point in the west line of the Dover Terrace South Unit #4 Subdivision as shown on the map recorded in Book 30 of Subdivisions at Page 49, Solano County Records, said POINT OF BEGINNING lies S 01°13'25" W, 16.67 ft from the northwest corner of Lot #75 of the said Dover Terrace South Unit #4 Subdivision; thence along the said west boundary of the Dover Terrace South Unit #4 Subdivision S 01°13'25" W, 412.41 ft to the north line of Merganser Drive, said north line also being the north line of Parcel 1 as described in the deed recorded in Book 1976 of Official Records at Page 57298, Instrument No. 35182, Solano County Records; thence along said north line of Merganser Drive S 86°40'00" W, 179.32 ft; thence N 0°14'23" W, 420.42 ft; thence N 89°17'00" E, 186.08 ft to the POINT OF BEGINNING.

CONTAINING: 1.744 Acres, More or Less

"A"

Recording requested by
and when recorded mail to
Malcolm A. King, Esq.
1900 Olympic Blvd., #104
Walnut Creek, CA 94596

FIRST AMENDMENT
TO
GROUND LEASE
BETWEEN
CITY OF SUISUN CITY
AND
D&M DEVELOPMENT CO.

This First Amendment to Ground Lease is made and entered into this 23rd day of June, 1986, by and between The City of Suisun City (Lessor) and D&M Development Co. (Lessee).

RECITALS

This First Amendment (Amendment) is based on the following facts:

A. Lessor and Lessee have hertofore entered into a Ground Lease dated _____, 1985, for the lease of certain real property located in the City of Suisun, Solano County, California, more particularly described in Exhibit A attached hereto and incorporated herein by reference. Said real property shall hereafter be referred to as "the property."

B. The parties desire to amend the Ground Lease by adding those terms and conditions which are included herein.

NOW THEREFORE, in consideration of the premises and the mutual covenant and conditions contained herein, the parties agree as follows:

1. The heading "Contruction of Improvements" on page 3 of the Ground Lease is hereby designated as Article V. Said Article is amended to add the following paragraphs:

5.02 LESSOR'S COOPERATION: Upon the request of Lessee, Lessor shall take all actions reasonably necessary and provide all approvals requested by Lessor, the County of Solano, the State of California or any other governmental agency or jurisdiction or by Lessee's lender in order to complete and carry out the construction of improvements on the property.

5.03 COMPLIANCE WITH LAW: Lessee agrees that any building or work of improvement to be constructed on the property shall be erected and constructed in accordance with all valid laws,

ordinances, regulations, orders of all federal, state, county and local governmental agencies and entities having jurisdiction over the property. A valid final certificate of occupancy entitling Lessee and any tenant of Lessee to occupy and use any structure or improvement shall be deemed to be conclusive evidence that said improvements have been constructed in accordance with all valid laws, ordinances, regulations and orders. Lessor will not unreasonably withhold the granting of such a permit.

5.04 MECHANICS' LIENS: At all times during the term of this lease Lessee shall keep the property and all buildings and improvements now or hereafter constructed thereon free and clear of all liens and claims of liens for labor, services, materials, supplies, equipment, performed on or furnished to the property. Provided that as long as Lessee shall provide reasonable security to Lessor, Lessee may contest and defend any such lien or claim of lien on such terms and conditions as Lessee may deem appropriate. Lessee shall indemnify and hold harmless Lessor for any damage suffered by Lessor as the result of any such lien attaching to the property. Lessee shall provide Lessor with written notice at least twenty (20) days prior to the commencement of any work in order to allow Lessor sufficient time to post notices of nonresponsibility.

5.05 ATTACHMENT TO PROPERTY: Any and all buildings or improvements constructed on the property and all alterations, additions, improvements, fixtures, except furniture and trade fixtures made or placed in or about the property or on any building or improvement constructed thereon by Lessee or by any other person shall be considered a part of the property and upon the expiration or termination of this lease, shall remain on the property and become the property of Lessor.

2. Article VII and Paragraphs 7.01, 7.02, 7.03, 7.04, 7.05, 7.06, 7.07, 7.08, 7.09 and 7.10 are renumbered Article XVI and 16.01, 16.02, 16.03, 16.04, 16.05, 16.06, 16.07, 16.08, 16.09 and 16.10 respectively.

3. The following provisions are inserted as Article VII:

VII
TAXES AND UTILITIES

7.01 PAYMENT OF TAXES AND ASSESSMENTS: Commencing on January 1, 1986, and continuing thereafter during the term of this lease, Lessee shall be obligated to pay and Lessee hereby agrees to pay any and all real property taxes, assessments and other charges of any description which may be levied or assessed against the property by any governmental agency or entity or against any interest in the property or any improvements on the property. All taxes and assessments levied or assessed on or against the property during the tax years in which the obligation of Lessee to pay taxes commences and the year in which the lease terminates, shall be prorated between Lessor and Lessee as of the date the obligation to pay taxes on the

which Lessee's obligation to pay taxes commences unless it shall, upon service of written request by Lessor reimburse Lessor for the Lessee's share of such taxes. The Lessee shall pay taxes for the year in which this lease terminates and Lessor shall promptly, upon service of written request by Lessee, reimburse Lessee for its share of such taxes.

7.02 SEPARATE ASSESSMENT OF LEASED PROPERTY: Should the property be assessed and taxed as part of any other property owned by Lessor prior to commencement of this lease, Lessor shall, at its own cost and expense, arrange to have the property taxed and assessed as a separate parcel distinct from any other real or personal property owned by Lessor. Should the property be assessed and taxed for the year in which this lease is to commence as part of or with other property owned by Lessor, that portion of such taxes that bears to the same ratio to the total of such taxes as the ground area of the property bears to the ground area of the total taxed property shall be the taxes levied on and assessed against the property and Lessee shall be responsible only for the payment of such taxes. Lessor shall continue to be responsible to pay taxes for such additional real or personal property owned by Lessor of which the property forms a part for purposes of tax assessment and shall indemnify and hold harmless the Lessee from and against any and all liens, deficiencies, claims and liabilities asserted by any taxing authority as a result of Lessor's failure to pay taxes on such all inclusive parcel.

7.03 PAYMENT BEFORE DELINQUENCY: Any and all taxes and assessments required to be paid by either Lessor or Lessee under this lease shall be paid at least ten (10) days before each such tax, assessment or installment of any tax or assessment becomes delinquent. Either party may request a copy of the official receipt for the payment of any such tax, assessment or installment from the other party, and the party who is obligated to pay such tax or installment shall immediately furnish such copy of receipt to the requesting party.

7.04 INSTALLMENTS: Should any special tax or assessment be levied on or against any of the property that may be either paid in full prior to a delinquency date or paid in installments over a period of time either within or extending beyond the termination date of this lease, the Lessee shall have the option of paying such special tax or assessment in installments. The fact of the exercise of the option to pay the tax or assessment in installments will cause said property to be encumbered with bonds or will cause interest to accrue on the tax or assessment is immaterial and shall not interfere with the free exercise of this option by Lessee. Should Lessee exercise the option to pay any such tax or assessment in installments, Lessee shall be liable to pay only those installments which become due during the term of this lease. The Lessor shall cooperate with Lessee and on written request of Lessee execute or join with Lessee in executing any instruments required to permit any such special tax or assessment to be paid in installments.

7.05 CONTEST OF TAX: Lessee may contest the legal validity or amount of any tax, assessment, special tax or charge for which Lessee is responsible under this lease and may institute such proceedings as Lessee deems necessary. If Lessee contests any such tax assessment,

special tax or charge, the Lessee may withhold or defer payment or pay under protest but shall protect Lessor and the premises from any lien by an adequate surety bond or other appropriate means of security. Lessor appoints Lessee as its attorney-in-fact for the purpose of making all payments to any taxing authority and for the purpose of contesting any tax, assessments, special taxes or charges conditioned upon Lessee preventing any lien from being levied on the property. Any such contest shall be conducted at Lessee's sole cost and expense.

7.06 INDEMNITY FOR TAXES: Lessee shall indemnify and hold Lessor free and harmless from any liability, loss or damage resulting from any taxes, assessments or other charges which are required to be paid by Lessee and from all interest, penalties and other sums imposed thereon. Notwithstanding the foregoing, Lessee shall not be responsible for the payment of any tax, assessment or charge against the property of Lessor regardless of what it may be called which are based upon business income, profits, estate, succession, inheritance or transfer taxes of Lessor and which may be levied by federal, state or other governmental agency.

7.07 PAYMENT BY LESSOR: If Lessee fails to pay, within the time specified in this article, any tax, assessment, special tax or other charge required to be paid by Lessee, Lessor may, after ten (10) days' written notice to or demand upon Lessee, pay, discharge, and/or adjust such tax, assessment, special tax or other charge for the benefit of Lessee. In such an event, Lessee shall promptly, upon written demand of Lessor, reimburse Lessor the full amount paid by Lessor in paying, discharging or adjusting such tax, assessments, special tax or other charge.

7.08 PAYMENT BY LESSEE: If Lessor fails to pay, within the time specified in this article, any tax, assessment, special tax or other charge required to be paid by Lessor, Lessee may, after ten (10) days' written notice to or demand upon Lessor, pay, discharge, and/or adjust such tax, assessment, special tax or other charge for the benefit of Lessor. In such an event, Lessor shall promptly, upon written demand of Lessee, reimburse Lessee the full amount paid by Lessee in paying, discharging or adjusting such tax, assessments, special tax or other charge.

7.09 UTILITIES: Lessee shall pay, or cause to be paid all charges for the furnishing of gas, water, electricity, telephone service, cable television and communications, sewer, garbage and rubbish removal, or other public utility service provided to the property during the term of this lease.

4. The following provisions are inserted as Article VIII:

VIII
USE

8.01 USE: During the term of this lease Lessee shall not use, or permit to be used, the property or any portion thereof for any purpose that in any way violates any terms within the basic documents, any law, ordinance or regulation of any federal, state,

county or local governmental agency, body or entity. Lessee shall not maintain, commit or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or judicially determined law on property or any portion thereof.

8.02 RESTRICTIONS ON USE: Lessee may use and occupy the property for construction, maintenance and operation of an apartment building only for senior citizen housing. Lessee may enter into agreements restricting the use of the property or granting easements with respect to the property, or apply for and obtain any governmental approval for senior citizen housing. Any change, permit, approval, easement or restriction which Lessee agrees to will be limited to the term of this lease. Any such change, restriction, use, approval which extends for a period beyond the term of this lease shall require Lessor's prior written consent.

5. The following provisions are added as Article IX:

IX

FINANCING

9.01 LESSOR'S OBLIGATIONS:

The Lessee shall have the right to encumber the leasehold interest granted hereby from time to time during the term of this lease. After receipt of written notice from Lessee, the Lessor shall execute any and all documents consenting to the encumbrance of the leasehold interest to secure the repayment of a loan, the proceeds of which are to be used either for construction of improvements, for permanent financing, for refinancing or for securing additional financing on the property for whatever reason. As used in this paragraph the term "construction loan" means any interim or short-term loan, the proceeds of which are to be used for construction of improvements and any cost associated therewith; and the term "permanent loan" shall mean the permanent or long-term financing, the proceeds of which are used in whole or in part to repay and discharge the construction loan and any costs associated therewith. Nothing contained herein shall be construed to require Lessee to divide the loans into a construction loan and a permanent loan instead of a single long-term loan.

9.02 EXECUTION OF ADDITIONAL DOCUMENTS:

Lessor shall execute all documents reasonably and customarily required by a mortgage and/or a title company. Lessor shall not be required to sign or execute the note to be secured by any mortgage but if required, shall execute the mortgage itself.

9.03 FORM OF NOTE AND MORTGAGE

The note and mortgage shall conform substantially to the forms usually required by the lender from time to time for loans for construction of improvements or for financing of property and improvements of a nature comparable to the projects planned by Lessee for the property. The mortgage documents may further provide that any

proceeds realized from fire or extended coverage insurance shall be used to repair or rebuild the leasehold improvements and not to repay any part of the outstanding mortgage.

6. The following provisions are added as Article X:

X
REPAIRS AND RESTORATION

10.01 MAINTENANCE BY LESSEE: At all times during the term of this lease Lessee, at Lessee's sole cost and expense, shall keep and maintain the property and all improvements which may hereinafter be constructed thereon in good order and repair and in a safe and clean condition.

10.02 MODIFICATIONS REQUIRED BY GOVERNMENTAL AGENCIES: At all times during the term of this lease Lessee, at Lessee's sole cost and expense shall make all alterations, additions, repairs, improvements and changes which may be required by any valid law, ordinance, statute, order, regulation now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity or political subdivision having jurisdiction over the property. If Lessee, in Lessee's sole discretion, desires to contest any law, ordinance, statute, order or regulation affecting the improvements of the property or the use of the property, the Lessee may, in the name of Lessee and Lessor where appropriate or required, institute legal proceedings and diligently prosecute same to determine the validity of any such law, ordinance, statute or regulation. Lessee shall protect the property and the Lessor from Lessee's failure to observe or comply with any such contested law, ordinance, statute, order or regulation during the contest thereof. Further, Lessee shall indemnify and hold harmless Lessor and the property free and harmless from any and all liability, loss, damages, fines, penalties, claims and actions resulting from Lessee's failure to comply with or perform the requirements of any contested law, ordinance, statute, order or regulation.

10.03 DUTY TO RESTORE PREMISES: If at any time during the term of this lease, any building or improvements now or hereafter constructed on the property are destroyed in whole or in part by fire, theft, the elements or any other cause not the fault of Lessor, and insurance proceeds are available for repair and restoration for at least ninety percent (90%) of replacement costs, the lease shall continue in full force and effect and the Lessee, at Lessee's sole cost and expense, shall repair and restore the damaged or destroyed buildings or improvements according to the original plan thereof or in accordance with such modified plans as the Lessee in its sole discretion deems appropriate. Such work of repair and restoration shall commence within one hundred twenty (120) days after insurance proceeds are made available for the work of repair or restoration and shall be completed with due diligence no later than one (1) year after work is commenced. In all respects, the work of repair and restoration shall be done in accordance with the requirements of the Lessor and other appropriate governmental agencies

8.04 OPTION TO TERMINATE LEASE: Notwithstanding Lessee's duty

to repair and restore as set forth in paragraph 8.03, the Lessee shall have the option of terminating this lease on the last calendar day of any month by giving the Lessor at least sixty (60) days'

written notice of Lessee's intent to do so and in the event that any building or improvement hereafter constructed on the property is so damaged or destroyed by fire, theft, the elements or any other cause which is not the fault of Lessee during the last twenty five (25) years of the term of this lease, if the cost of so restoring or repairing would exceed thirty five percent (35%) of the cost of replacing all buildings and improvements totally destroyed by such calamity or cause.

10.05 APPLICATION OF INSURANCE PROCEEDS: Subject to paragraph 9.03 any and all fire or other insurance proceeds that become payable at any time during the term of this lease as the result of damage to or destruction of any building or improvements on the property shall be paid to Lessee and shall be applied by the Lessee in accordance with paragraph 9.03. However should Lessee exercise the option given Lessee by paragraph 8.04 of this lease to terminate the lease because of damage to or destruction of buildings or improvements on the property, then in any such event, any and all fire or other insurance proceeds that become payable because of such damage or destruction shall:

(a) Be applied first toward the reduction of any unpaid principal balance of an obligation secured by the property;

(b) Thereafter the balance of such proceeds, if any, shall be distributed between Lessor and Lessee as their interests may then appear.

7. The following provisions are added as Article II:

XI
INDEMNITY AND INSURANCE

11.01 LESSOR'S NONLIABILITY: The Lessor shall not be liable and the Lessee shall defend and indemnify Lessor against all liability and claims of liability, for injury or death to persons or damage to or destruction of property on or about the property from any cause. Lessee waives all claims against Lessor for injury or death of persons or damage to or destruction of property, arising or asserted to have arisen from any cause whatsoever except from Lessor's own acts or omissions or the acts or omissions of Lessor's agents, contractors, subcontractors, employees and licensees.

11.02 LIABILITY INSURANCE: The Lessee shall, at Lessee's sole cost and expense, secure promptly after the execution of this lease and shall thereafter maintain during the entire term hereof a broad form comprehensive coverage policy of public liability insurance issued by an insurance company acceptable to Lessor and authorized to issue liability insurance in the State of California insuring both Lessor and Lessee against loss or liability caused by or connected with Lessee's occupation, use and maintenance of the property in amounts not less than \$500,000 for death of or injury to one person

and \$1,000,000 for injury to or death of more than one person as a result of any single accident or incident; and \$250,000 for damage to or destruction of any property of others.

11.03 FIRE AND CASUALTY INSURANCE: During the term of this lease Lessee shall, at the Lessee's sole cost and expense, keep the property, all buildings, improvements and other structures thereon as well as any modifications or additions thereto insured for their full insurable value by insurance companies authorized to issue such insurance in the State of California against loss or destruction by fire and the perils commonly covered under such standard extended coverage endorsement to fire insurance policies applicable to Solano County, California. Any loss payable under such insurance shall be payable to Lessee, Lessor and any lender under an encumbrance incurred by Lessee pursuant to Article VII of this lease as their interests may appear. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required under paragraph 8.05 of this lease or pursuant to the provisions of any promissory note, mortgage or other security instrument of any lender. In the event of a conflict between the provisions of the terms of this lease and the terms of any mortgage, relating to application of insurance proceeds, the terms of the mortgage shall be deemed to control the obligations of the parties with respect to application of insurance proceeds.

11.04 EVIDENCE OF INSURANCE/NOTICE OF CANCELLATION: Within ten (10) days after the execution of this lease, and promptly thereafter when any such policy is replaced, rewritten or renewed, the Lessee shall deliver to Lessor or cause to be delivered to Lessor, a true and correct copy of each insurance policy required by this article or a certificate executed by the insurance company or its authorized agent evidencing the existence of such policies. Each insurance policy required by this article shall contain a provision that it cannot be cancelled for any reason unless thirty (30) days' prior written notice of cancellation is given to Lessor in the manner required by this lease for service of notices on Lessor by Lessee.

11.05 FAILURE TO MAINTAIN INSURANCE: If Lessee fails or refuses to procure or maintain insurance as required by this lease or fails or refuses to furnish Lessor with required proof that the insurance has been produced and is in full force and effect and paid for, Lessor shall have the right at Lessor's election and upon ten (10) days' prior written notice to Lessee to procure and maintain such insurance. The premiums paid by Lessor shall be treated as additional rent due from Lessee with interest at the rate of ten percent (10%) per annum and shall be due and payable on the first day of the month immediately following the date upon which such premiums are paid. The Lessor shall give prompt notice of the payment of such premiums stating the amounts paid and the names of the insurer or insurers and interest shall run from the date of such notice.

8. The following provisions are added as Article XII:

XII
CONDEMNATION

12.01 DEFINITIONS: The following definitions apply in construing provisions of this lease which relate to the taking of or damage to all or any part of the premises or improvements or any interest in them by eminent domain or inverse condemnation: "Taking" means a taking or damaging including severance damage by eminent domain or inverse condemnation by or for any public or quasi public use under any statute. Transfer of title may either be a transfer resulting from recordation of a final order of condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation in avoidance of the exercise of eminent domain power while a condemnation proceeding is actually pending. "Taking" shall be considered to take place as of the latter of the date actual physical possession is taken by the condemning authority or the date on which the right to compensation and damages accrues under the law which is applicable to the property.

"Total taking" means the taking of the fee title of all of the property and improvements on the property.

"Substantial taking" means the taking of so much of the property or improvements or both that one or more of the following conditions will result:

(a) The remaining property would not be economically or feasibly usable by Lessee or the sublessees or licensees of Lessee;

(b) Lessee's business on the property could not be operated at a level of profit reasonably close to that existing before the taking constituting the causative event.

"Partial taking" means any taking of fee title that is not either a total or a substantial taking.

"Improvements" shall include but not be limited to all buildings, fixtures, fences, utility installation, excavations, surfacing, grading, landscaping whether occurring on the property naturally or implaced by human design or effort and whether coming into being on the property before or after the commencement of the term, recreational facilities, parking lots, parking structures, malls, entranceways, driveways, walkways.

"Notice of intended taking" means any notice or notification on which a reasonably prudent man would rely and which a reasonably prudent man would interpret as expressing an existing intent of taking by a condemning authority as distinguished from a mere preliminary inquiry or proposal. This definition includes but is not limited to the service of a condemnation Summons and Complaint on any party to this lease.

"Award" means compensation paid for the taking whether pursuant to judgment, by agreement or otherwise.

12.02 NOTICE TO THE OTHER PARTY: The party receiving any notice of intended taking, condemnation complaint and summons shall promptly give written notice thereof to the other party. During the course of

any condemnation proceeding, the party receiving notice shall keep the other party currently informed of all developments in connection with any such condemnation.

12.03 EFFECT ON RENTAL AND TERM OF TOTAL OR SUBSTANTIAL TAKING:

(a) TOTAL TAKING: On a total taking, Lessee's obligation to pay rent shall terminate on, and Lessee's interest in the leasehold shall continue until the date of the taking.

(b) SUBSTANTIAL TAKING: In the event of a substantial taking, Lessee may, by written notice to Lessor given within sixty (60) days after Lessee receives notice of intent of taking, elect to treat the taking as a substantial taking. If Lessee does not notify Lessor, the taking shall be deemed to be a partial taking only. A substantial taking shall be treated as a total taking if Lessee delivers possession to Lessor within sixty (60) days after the determination that the taking was a substantial taking, and Lessee is not in default under any of the terms of this lease and has complied with all of the lease provisions concerning apportionment of the award. If these conditions are not met, the taking shall be deemed to be a partial taking.

Lessor shall have the right to contest the Lessee's determination of a "substantial taking" by providing Lessee notice of such contest within fifteen (15) days following the date of Lessee's notice. The ultimate determination of whether the taking should be considered a substantial taking or a partial taking, shall be determined by a single arbitrator to be appointed by the parties. If the parties cannot agree upon the appointment of an arbitrator, then each party shall appoint an arbitrator for the determination of the issue. Each appointed arbitrator shall in turn appoint a third arbitrator and the majority decision of all arbitrators shall be final and binding upon the parties. The procedure for making the determination of this issue shall be in accordance with the rules and regulations of the American Arbitration Association then in effect for commercial arbitrations. All costs of the arbitration shall be shared equally between the parties. In the event that the arbitrator or arbitrators have not been selected within thirty (30) days after the date of Lessor's notice, either party may petition ex parte to the Superior Court of Solano County for the appointment of three arbitrators.

(c) RENT ABATEMENT UPON PARTIAL TAKING: In the event of a partial taking this lease shall remain in full force and effect, covering the remaining property, and Lessee shall continue to pay rent as specified in Article III.

In the event that Article III has been amended to the extent that the annual rent for the property is more than One Dollar (\$1.00) per year, the rent payable under the lease shall be reduced in the same ratio as the dollar amount of the award, including interest and severance damages bears to the total fair market value of the property immediately before the taking. If the parties cannot agree on the fair market value, they shall appoint an appraiser for this purpose. If the parties cannot agree upon the selection of an

appraiser for this purpose, either party may petition the Solano County Superior Court to appoint an appraiser for purposes of making an appraisal, provided that any such appraiser appointed by the Superior Court shall be a member of the American Institute of Appraisers or comparable society. The cost and expense of any such appraisal shall be shared equally by the parties.

12.04 APPORTIONMENT AND DISTRIBUTION OF AWARD FOR TOTAL TAKING: On a total taking, all sums, including damages and interest awarded for the fee and/or the leasehold shall be distributed and disbursed in the following order of priority:

(a) All real and personal property taxes constituting a lien on the property or improvement;

(b) The balance due under any note and mortgage which encumbers the fee title having priority over the lease;

(c) The balance due under any note and leasehold mortgage to which the fee title of Lessor is not subordinated;

(d) The balance due under any note and mortgage encumbering the fee title but not having priority over the lease (provided that the amount so paid shall be deducted from any amounts otherwise due to Lessor);

(e) To Lessor, a sum equal to the value of the premises taken, valued as unimproved land exclusive of improvements and unburdened by all leases and subleases;

(f) To Lessor, for any expenses and disbursements reasonably paid or incurred by or on behalf of Lessor in connection with the condemnation proceedings;

(g) To Lessee, the balance of the award.

12.05 APPORTIONMENT AND DISTRIBUTION OF AWARD FOR PARTIAL TAKING: On a partial taking, all sums, including damages and interest awarded for the fee title or the leasehold or both shall be distributed in the following order of priority:

(a) To the cost of restoring the leasehold improvements plus any amount assessed, awarded and paid or incurred to remove and relocate subtenants or licensees plus any amount awarded for detriment to business;

(b) To any mortgagee to whom fee title has been subordinated in a sum equal to any decrease in its security resulting from the taking;

(c) To Lessor the balance due under any note and mortgage encumbering the fee but not having priority over the lease (provided that the amount so paid shall be deducted from any amounts otherwise due to Lessor);

(d) To Lessor for any expenses or disbursements reasonably

and necessarily incurred or paid by or on behalf of Lessor for and in connection with condemnation proceedings;

(e) To Lessee for any expenses or disbursements reasonably and necessarily incurred or paid by or on behalf of Lessee for and in connection with condemnation proceedings;

(f) To any leasehold mortgagee in a sum equal to any decrease in its security resulting from the taking;

(g) To Lessee any diminution in the market value of any options to buy, extend or renew but excluding any value contributed to the option value by the improvements;

(h) To the Lessor any remainder.

12.06 OBLIGATION OF RESTORATION AND IMPROVEMENTS: After the completion of partial taking the Lessee, at its sole cost and expense shall have the obligation to repair, alter, modify or reconstruct the premises in the same manner as provided in this lease relating to maintenance, repairs and alterations; provided that the cost of such alterations, modifications and reconstruction shall not exceed the amount of Lessee's share of the award in paragraph 10.05 of this lease. Notwithstanding the foregoing, Lessee is relieved of the duty to repair, alter, modify or reconstruct if the partial taking occurs during the final fifteen (15) years of the term of this lease.

9. The following provisions are added as Article XIII:

XIII
ASSIGNMENT AND SUBLEASING

13.01 LESSEE'S RIGHT TO ASSIGN: Prior to the completion of construction of the senior citizens apartment complex, the Lessee may not assign this lease or any interest therein, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Following the completion of the senior citizens apartment complex, the Lessee shall have the absolute right to assign or otherwise transfer Lessee's interest in this Lease or any portion thereof and the estate created by this lease at any time during the remaining term of this Lease without the Lessor's consent, provided however that such assignment shall in no way affect the use of the property as a senior citizens apartment complex building.

13.02 RIGHT TO SUBLET: Lessee shall have the absolute right to sublet all or any part or parts of the property or any improvements thereon or both to license their use, and to assign, encumber, extend or renew any such sublease provided that each such sublease shall contain the provision requiring the sublessee to attorn to Lessor or, in the event of any proceedings to foreclose any leasehold mortgage, to the leasehold mortgagee, or any person designated in a notice from leasehold mortgagee, if Lessee defaults under this lease and if the sublessee is notified of Lessee's default and instructed to make sublessee's rental payments to Lessor or leasehold mortgagee or designated person as in this paragraph. The Lessee shall, upon reasonable notice and during normal business hours, permit Lessor to

examine and copy any such sublease.

10. The following provisions are added as Article XIV:

XIV

DEFAULT AND DETERMINATION

14.02 NOTICE BY LESSOR: As a precondition to pursuing any remedy for an alleged default by Lessee, the Lessor shall, before pursuing any such remedy, give notice of default to Lessee and to all qualifying subtenants and mortgagees whose names and addresses were previously given to Lessor in a notice or notices from Lessee or any qualifying mortgagee stating that the notice is for the purpose of notice under this paragraph. A qualifying subtenant is a subtenant in possession under an existing sublease which is allowed by this lease. The qualifying mortgagee is a mortgagee under a mortgage then existing under the provisions of this lease. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

14.03 LESSEE'S RIGHT TO CURE DEFAULT: If the alleged default is nonpayment of rent, taxes or other sums to be paid by Lessee as provided in this lease, Lessee shall have thirty (30) days after notice is given to cure the default. For the cure of any other default, Lessee shall within thirty (30) days after such notice, promptly and diligently commence to cure the default and shall have one hundred twenty (120) days after notice is given to complete the cure of said default, except for a default or delinquency in the payment of any loan secured by a mortgage constituting an encumbrance, in which case the Lessee shall have one hundred twenty (120) days within which to both commence and complete the cure of any such default.

14.04 LESSOR'S REMEDIES: If any default by Lessee shall continue uncured following notice of default as required by this lease for the periods applicable to the default under the provisions of this lease, Lessor shall have the following remedies in addition to any and all rights and remedies provided by law or in equity to which Lessor has the right to resort cumulatively or in the alternative.

(a) Lessor may terminate this lease by giving Lessee written notice of termination. On the giving of such notice, all of Lessee's rights in the property and all improvements shall terminate.

(b) At Lessor's election, Lessor may reenter the premises and without terminating this lease, at any time from time to time relet the premises and improvements or any part or parts of them for the account of and in the name of Lessee or otherwise. Further, Lessor may elect to eject all persons other than a subtenant qualifying under the nondisturbance provisions of this lease. Lessor shall apply all rents from reletting as in the provisions of assignment of subrents. Any reletting may be for the remainder of the term or for a longer or shorter period. Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name and shall be entitled to all rents from the use, operation or occupancy of the property or improvements thereon.

Lessee shall nevertheless pay Lessor on the due date specified in this lease the equivalent of all sums required of Lessee under this lease, less any amounts realized by Lessor as the result of any reletting or attornment.

14.06 ACTION FOR DAMAGES: At Lessor's election, Lessor may bring an action to recover damages from Lessee measured by:

(a) The worth at the time of the award of the unpaid rent which has been earned at the termination of this lease;

(b) The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(c) Subject to California Civil Code Section 1951.2(c), the worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental lost that Lessee provides could be reasonably avoided;

(d) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform its obligations under this lease.

14.07 WAIVER OF BREACH: The waiver by Lessor of any breach by Lessee under any provision of this lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this lease.

14.08 RIGHTS OF SUBTENANTS: NONDISTURBANCE CLAUSE: Any subtenant of the property or any portion thereof shall have the right at its election to cure a curable default under this lease or under any mortgage then existing under provisions of this lease or both. If any such subtenant cures all defaults then existing, or if any subtenant cures all defaults that are then curable and other defaults are noncurable, or if all then existing defaults are noncurable, then subtenant's possession and use shall not be disturbed by Lessor or by the mortgagee as long as:

(a) The subtenant performs his sublease provisions;

(b) The subtenant attorns to Lessor and mortgagee according to their respective interest; and

(c) Subsequent defaults are cured as in the above provisions or are noncurable.

11. The following provisions are added as Article VX:

XV
ADDITIONAL COVENANTS

15.01 RESTRICTIONS ON ZONING CHANGES: During the term of this

lease, Lessor shall refrain from adopting any ordinance or taking any action which will have the effect of changing or altering the use of the property as an apartment building for senior citizen housing or for residential purposes for other citizens or groups of citizens.

15.02 COVENANT NOT TO CONDEMN: Lessor covenants that during the term of this lease it shall refrain from taking any action which would result in a partial or substantial taking of the property.

12. The following paragraphs are inserted in Article XVI:

16.11 ATTORNEY'S FEES: If either party brings any action or proceeding to enforce, protect or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorney's fees. Arbitration shall be considered an "action" or proceeding for the purpose of this provision.

16.12 MEMORANDUM OF LEASE FOR RECORDING: Upon the request of Lessee, Lessor shall execute a memorandum of this lease in recordable form and by this lease does authorize the recordation of any such memorandum of lease, or any amendment or modification hereto as the Lessee may request from time to time. Memorandum of this lease shall describe the parties, set forth the description of the lease of the premises, the term of the lease, and shall incorporate all provisions of this lease by reference.

16.13 AUTHORIZATION: The signatories of Lessor have been authorized to execute this lease on behalf of the Lessor by a duly adopted and recorded resolution of the City Council of the City of Suisun, the City having fully complied with all requirements of its Charter, ordinances, rules, policies and regulations in entering into this lease.

13. In the event of any conflict between the provisions of this Amendment and the Basic Document or the Ground Lease, the provisions of the Basic Document and/or the Ground Lease shall control.

14. As amended hereby, all terms and conditions of the Ground Lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF the parties have executed this Lease the day and year first written above.

LESSOR
CITY OF SUISON CITY
By [Signature]
By [Signature]
Attest: [Signature]
[Signature]
City Clerk

LESSEE
D&M DEVELOPMENT CO., a General Partnership
By [Signature]
A General Partner

6631-0
0074a/0631A

SMH/mb
8-22-85

Page 1 of 2

Rev. 8-27-85

Rev. 12-11-85

Rev. 12-16-85

DESCRIPTION

Division of the Lands of the City of Suisun City

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being a portion of Parcel 2 as shown on that certain map entitled "'Cold Spring Harbor Unit No. 1", recorded in Book 29 of Maps, at Page 30, Solano County Records,

described

PARCEL A

BEGINNING at a point in the west line of the Dover Terrace South Unit #4 Subdivision as shown on the map recorded in Book 30 of Subdivisions at Page 49, Solano County Records, said POINT OF BEGINNING lies S 01°13'25" W, 16.67 ft from the northwest corner of Lot #75 of the said Dover Terrace South Unit #4 Subdivision; thence along the said west boundary of the Dover Terrace South Unit #4 Subdivision S 01°13'25" W, 412.41 ft to the north line of Merganser Drive, said north line also being the north line of Parcel 1 as described in the deed recorded in Book 1976 of Official Records at Page 57298, Instrument No. 35182, Solano County Records; thence along said north line of Merganser Drive S 86°40'00" W, 179.32 ft; thence N 0°14'23" W, 420.42 ft; thence N 89°17'00" E, 186.08 ft to the POINT OF BEGINNING.

CONTAINING: 1.744 Acres, More or Less

"A"

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Casa De Suisun Joint Venture
P. O. Box 38
Davis, CA 95617

CHICAGO TITLE INSURANCE COMPANY

89 MAR -8 AM 8:30

OFFICE OF THE COUNTY CLERK
SOLANO COUNTY, CALIF.
DAVIS, CALIF.

RECORDED BY 3900 PP. 18

990013646

SECOND AMENDMENT TO GROUND LEASE

This Second Amendment to Ground Lease is entered into by and between The City of Suisun City ("Lessor") and Casa De Suisun Joint Venture, a general partnership ("Lessee"), who agree as follows:

R E C I T A L S

A. Lessor and D & M Development Co., a California general partnership, entered into a ground lease (the "Lease") dated December 27, 1985 and recorded June 11, 1986 in Book 1986 of Official Records, Page 58743, Instrument No. 29345 for the lease of certain real property located in the City of Suisun City, Solano County, California, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. Said real property is hereinafter referred to as the "Property".

B. The Lease was amended by written agreement between the City of Suisun City as Lessor and D & M Development Co. as Lessee by instrument recorded November 3, 1986 in Book 1986 of Official Records, Page 130723, Instrument No. 63493.

C. The interest of Lessee under said Lease was assigned by D & M Development Co., a California general partnership, to Merganser Associates, a California general partnership, by instrument recorded December 10, 1987 in Book 1987 of Official Records, Page 166296, Instrument No. 81681.

D. Casa De Suisun Joint Venture, a general partnership, is the current Lessee under the Lease pursuant to the terms of an assignment from Merganser Associates, a California general partnership, which assignment is recorded concurrently and

partnership, which assignment is recorded concurrently and immediately preceding the recordation of this Second Amendment to Ground Lease.

E. Lessor and Lessee desire to further amend the Lease with respect to the following provisions:

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, Lessor and Lessee agree that the Lease shall be further amended as follows:

1. The following provisions are added as Article XVII:

XVII

OPTION TO PURCHASE

17.01. GRANT OF OPTION TO LESSEE: Lessor grants to Lessee the option to purchase the Property in accordance with the provisions of this Lease.

17.02. OPTION PERIOD: Tenant shall have the right to exercise the option to purchase at any time during the last five years of the term.

17.03. METHOD OF EXERCISING OPTION: Lessee shall exercise the option by giving notice ("option notice") to Lessor within the option period as set forth in paragraph **17.02**, pursuant to the notice provisions of paragraph **16.02** of the Lease, as amended.

17.04. PURCHASE PRICE: The purchase price shall be set by mutual agreement of the parties or by appraisal. The parties shall have sixty (60) days after Lessor receives the option notice in which to agree on the purchase price. If the parties are unable to agree on the purchase price within that period, then within twenty (20) days after expiration of that period, each party, at its respective cost and by giving notice to the other party, shall appoint a qualified real estate appraiser with at least five years full time commercial appraisal experience in the area in which the Property is located to appraise and set the purchase price of the Property. If a party does not appoint an appraiser within ten (10) days after the other party has given notice of the name of its appraiser, the single appraiser appointed shall be the sole appraiser and shall set the purchase price of the Property. If the

two appraisers are appointed by the parties as stated in this paragraph, they shall meet promptly and attempt to set the purchase price of the Property. If they are unable to agree on the purchase price within thirty (30) days after the second appraiser has been appointed, they shall attempt to select a third appraiser meeting the qualifications stated in this paragraph within ten (10) days after the last day the two appraisers are given to set the purchase price. If they are unable to agree on the third appraiser, either of the parties to this Lease by giving ten (10) days notice to the other party can apply to the then president of the County Real Estate Board of the County in which the property is located, or to the presiding judge of the Superior Court in that county, for the selection of a third appraiser who meets the qualifications stated in this paragraph. Each of the parties shall bear one-half of the costs of appointing the third appraiser and of paying the third appraiser's fee. The third appraiser, however selected, shall be a person who has not previously acted in any capacity for either party.

Within thirty (30) days after the selection of the third appraiser, a majority of the appraisers shall set the purchase price of the Property. If a majority of the appraisers are unable to set the purchase price within the stipulated period of time, the three appraisals shall be added together and their total divided by three; the resulting quotient shall be the purchase price of the Property. If, however, the low appraisal and/or the high appraisal is more than fifteen percent (15%) lower or higher than the middle appraisal, the low appraisal and/or the high appraisal, as the case may be, shall be disregarded. If only one appraisal is disregarded, the remaining two appraisals shall be added together and the total divided by two; the resulting quotient shall be the purchase price of the Property. If both the low and high appraisal are disregarded as stated in this paragraph, the middle appraisal shall be the purchase price of the Property.

In appraising the Property as provided in this paragraph, the appraisers shall value the Property as though the Property were unimproved and free of the existence of this Lease.

After the purchase price of the Property has been set, the appraisers shall immediately notify the parties. If Lessee objects to the purchase price that has been set, Lessee shall have the right to elect to not purchase the Property, as long as Lessee pays all the costs in connection with the appraisal procedure that set the purchase price. Lessee's election not to purchase the Property must be exercised in thirty (30) days after receipt of notice from the appraisers of the purchase price.

17.05. METHOD OF PAYMENT: The purchase price shall be payable in cash in lawful money of the United States to Lessor by Lessee at close of escrow (the date the grant deed is recorded) as provided in paragraph 17.07.

17.06. TITLE TO PROPERTY: Lessor shall deliver to Lessee an executed grant deed in recordable form conveying the Property. Title to the Property shall be conveyed by Lessor to Lessee free and clear of all liens, encumbrances, covenants, conditions, restrictions, easements, and rights of way of record, leases or other tenancy agreements, and other matters of record, except current taxes, those portions of current assessments not yet due and payable, anything of record or not of record that in any way affects title to the Property resulting from the acts or omissions of Lessee and those items shown on Exhibit "B" attached hereto and incorporated herein by reference.

17.07. ESCROW: The sale shall be consummated through an escrow with a title or escrow company of Lessee's choice ("Escrowholder"), to be opened within five business days after the option notice has been given to Lessor. The parties shall execute all documents required by Escrowholder so long as they are consistent with the provisions of this Article 17. Escrow shall close within one hundred twenty (120) days after the purchase price of the Property has been established. Escrow shall be deemed

to be closed pursuant to this Article on the date the grant deed is recorded.

17.08. TITLE INSURANCE: At the close of escrow, Escrowholder must be prepared to issue an ALTA Lender and CLTA Owner Standard Coverage Form Policy of Title Insurance in the amount of the purchase price insuring title to the Property vested in Lessee subject only to the exceptions set forth above.

17.09. PRORATIONS: Rent and any other payments from Lessee to Lessor shall be prorated as of the date of close of escrow. Any payments which are the responsibility of Lessee shall not be prorated. Prepaid rents or security deposits, if any, previously paid by Lessee to Lessor shall be credited to Lessee in the escrow.

17.10. CLOSING COSTS: Transfer taxes, if any, and recording fees on the deed, the cost of the title policy and any escrow charges and other closing costs shall be paid by Lessee.

17.11. SUCCESSORS-IN-INTEREST: The rights and obligations pursuant to this option shall inure the benefit and be binding upon the successors-in-interest and assigns of the parties.

2. Except as set forth in this Second Amendment of Ground Lease, all of the provisions and the Lease of any prior amendments thereto shall remain unchanged and in full force and effect.

3. A condition precedent to this Second Amendment to Ground Lease taking effect is the acquisition of the Property by Casa De Suisun Joint Venture. A fully executed and notarized copy of this Second Amendment to Ground Lease shall be recorded concurrent with and immediately following recordation of the instrument conveying

title to Lessee. Such date of recordation shall be the effective date of this Second Amendment to Ground Lease.

IN WITNESS WHEREOF, the parties execute this amendment the 23rd day of February 1989.

LESSOR:

CITY OF SUISUN CITY

By 
~~CHET J. WYSTEPEK,~~
~~City Manager~~
James Paul Spering
Mayor

ATTEST:


Arlyn W. Harbaugh
City Clerk

LESSEE:

CASA DE SUISUN JOINT VENTURE,
A General Partnership

By: Senior Housing Associates
VIII, A California
Limited Partnership,
General Partner

By 
THEODORE C. CALDWELL,
General Partner

By: TCC Properties, Inc.,
A California
Corporation,
General Partner

By 
THEODORE C. CALDWELL,
President

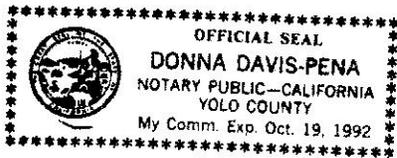
By: Solano Senior Housing,
Ltd., A California
Limited Partnership,
General Partner

By 
BRUCE E. HERRIGAN
General Partner

STATE OF CALIFORNIA)
) ss.
COUNTY OF YOLO)

On this 23 day of February, 1989, before me, the undersigned, a Notary Public for said County and State, personally appeared BRUCE E. HERRIGAN, known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument on behalf of SOLANO SENIOR HOUSING, LTD., a California limited partnership, and acknowledged to me that the partnership executed it.

WITNESS my hand and official seal.

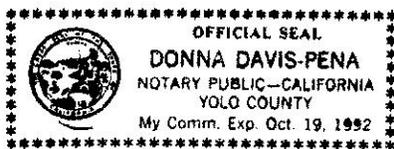


Donna Davis-Pena
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF YOLO)

On this 23 day of February, 1989, before me, the undersigned, a Notary Public for said County and State, personally appeared THEODORE C. CALDWELL, known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument on behalf of SENIOR HOUSING ASSOCIATES VIII, a California limited partnership, and acknowledged to me that the partnership executed it.

WITNESS my hand and official seal.



Donna Davis-Pena
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF Solano)

On this 6th day of March, 1989, before me, the undersigned, a Notary Public in and for said County and State, personally appeared THEODORE C. CALDWELL, ~~known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument on behalf of TCC PROPERTIES, INC., a California corporation, and acknowledged to me that the corporation executed it as a partner of the partnership and that the partnership executed the same.

WITNESS my hand and official seal.



Patricia J. Castro

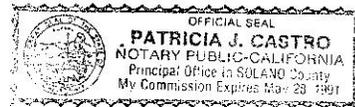
Notary Public

STATE OF CALIFORNIA :
COUNTY OF SOLANO :

On this 6th day of March, 1989, before me, _____
Patricia J. Castro, personally appeared _____
James Paul Spering, personally known to me, (or proved to
me on the basis of satisfactory evidence) to be the person who executed this in-
strument as the Mayor of City of Suisun City
and acknowledged to me that the City of Suisun City
executed it.

SIGNATURE: *Patricia J. Castro*

Patricia J. Castro



Parcel "A" as shown on Parcel Map filed September 18, 1986, Book 30 of Parcel Maps, Page 15, Solano County Records.

RESERVING THEREFROM, a Joint Access Easement "AA" in favor of Parcels "B" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "A" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

COMMENCING at the Southeast corner of said Parcel "A"; thence Westerly along the Southerly line of said Parcel "A", as shown on the above mentioned Parcel Map, S 86° 40' 00" W 5.02 Ft. to the TRUE POINT OF BEGINNING; thence continuing along said Southerly line of Parcel "A", S 86° 40' 00" W 20.06 Ft.; thence leaving said Southerly line of Parcel "A", N 01° 13' 25" E 358.13 Ft.; thence N. 89° 24' 26" W. 160.10 Ft., to the common lot line of said Parcels "A" and "B"; thence Northerly along said common line of Parcels "A" and "B", N 00° 14' 23" E. 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", S 89° 24' 26" E. 180.44 Ft.; thence S 01° 13' 25" W 376.75 Ft. to the TRUE POINT OF BEGINNING

TOGETHER WITH a Joint Access Easement "BB" In favor of Parcels "A" and "C" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps, at page 15, Solano County Records, across Parcel "B" also shown on above mentioned Parcel Map described as follows:

All that certain Real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B" as shown on the above mentioned Parcel Map; thence Northerly along the common boundary of said Parcels "A" and "B" as shown on the above mentioned Parcel Map, N 00° 14' 23" E 123.24 Ft.; thence leaving said common line of Parcels "A" and "B", N 88° 16' 05" W 156.25 Ft.; thence N 00° 43' 00" W 242.38 Ft.; thence S 89° 24' 26" E 160.25 Ft., to the common boundary of Parcels "A" and "B" as shown on the above mentioned Parcel Map; thence Northerly along said common line, N 00° 14' 23" E 20.00 Ft.; thence leaving said common line of Parcels "A" and "B", N 89° 24' 26" W, 180.59 Ft.; thence S 00° 43' 00" E 261.99 Ft.; thence N 88° 16' 05" W 5.00 Ft. to the Westerly boundary of Parcel "B" as shown on above Parcel mentioned Parcel Map; thence Southerly along said Westerly boundary of Parcel "B", S 00° 43' 00" E 25.02 Ft. to the common line of Parcels "B" and "C" of above mentioned Parcel Map; thence Easterly along common line of said Parcels "B" and "C" and the prolongation of said common line, S 88° 16' 05" E 155.85 Ft. ; Thence S 00° 14' 23" W 100.45 Ft. to the Southerly line of said Parcel "B"; thence along said Southerly line of said Parcel "B" from a tangent bearing of N 86° 45' 20" E along a curve to the left having a radius of 972.50 Ft., through a central angle of 0° 05' 26" for an arc Length of 1.54 Ft.; thence N 86° 40' 00" E 23.51 Ft. to the POINT OF BEGINNING.

ALSO TOGETHER WITH a Joint Access Easement "CC" in favor of Parcels "A" and

EXHIBIT A, PAGE 1

PARCEL ONE CONTINUED

"B" as shown on that certain Parcel Map entitled "Parcel Map Lands of the City of Suisun City" as recorded in Book 30 of Parcel Maps at page 15, Solano County Records, across Parcel "C" also shown on above mentioned Parcel Map described as follows:

All that certain real property situate in the City of Suisun City, County of Solano, State of California, being an easement for access purposes more particularly described as follows:

BEGINNING at the Southwest corner of Parcel "C" as shown on the above mentioned Parcel Map; thence Northerly along the Westerly line of said Parcel "C", N 00° 43' 00" W 102.00 Ft. to the Northwest corner of said Parcel "C", said Northwest corner also being the Southwest corner of Parcel "B"; thence Easterly along the common line of Parcels "B" and "C", S 88° 16' 05" E 25.02 Ft.; thence leaving said common line of said Parcels "B" and "C", S 00° 43' 00" E, 103.14 Ft. to the Southerly line of said Parcel "C"; thence along said Southerly line of Parcel "C", N 85° 40' 00" W 25.10 Ft. to the POINT OF BEGINNING.

CHICAGO TITLE INSURANCE COMPANY

PRELIMINARY REPORT

At the date hereof exceptions to coverage, in addition to the printed exceptions and exclusions contained in said policy form, would be as follows:

1. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 1988 - 1989.

1st Installment: \$12,861.28 A LIEN NOW DUE AND PAYABLE
Penalty: \$
2nd Installment: \$12,861.28 A LIEN PAYABLE BUT NOT YET DUE
Penalty: \$
Cost: \$ 10.00

Land: \$ 318,240.00
Improvements: \$1,829.011.00
Exemption: \$-0-

Code Area: 5005
Assessment No.: 173-010-21
Affects Parcel One

The above installments include an assessment for \$386.94, for F-S SD Drainage Maintenance District.

The above installments include an assessment for \$1,113.84, for Solano Irrigation Assessment.

The above installments include an assessment for \$1,166.82, for Sunset Avenue Assessment.

- . Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 1988 - 1989.

1st Installment: \$12,391.19 A LIEN NOW DUE AND PAYABLE
Penalty: \$
2nd Installment: \$12,391.19 A LIEN PAYABLE BUT NOT YET DUE
Penalty: \$
Cost: \$ 10.00

Land: \$ 265,200.00
Improvements: \$1,829,011.00
Exemption: \$-0-

Code Area: 5005
Assessment No.: 173-010-22
Affects Parcel Four

The above installments include an assessment for \$400.28, for F-S SD Drainage Maintenance.

The above installments include an assessment for \$928.20, for Solano Irrigation District Assessment.

The above installments include an assessment for \$968.40, for Sunset Avenue Assessment.

CHICAGO TITLE INSURANCE COMPANY

2. An assessment by the improvement district shown below

Assessment (or Bond) No.: 8503
Series: 1915
District: SUISUN CITY - SUNSET AVENUE
For: 15 years
Bond issued: 1975-76
Original Amount: \$10,180.75

Said assessment is collected with the county/city property taxes.
Affects Parcel One

Assessment (or Bond) No.: 8503
Series: 1915
District: SUISUN CITY - SUNSET AVENUE
For: 15 years
Bond issued: 1975-76
Original Amount: \$8,425.45

Said assessment is collected with the county/city property taxes.
Affects Parcel Four

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation code of the State of California.
4. The herein described property may be subject to possible liens, assessments and charges of the Dixon Resource Conservation District.
5. The herein described property may be subject to possible liens, assessments and charges of the Solano Irrigation District.
6. A covenant and agreement
Executed by: D & M DEVELOPMENT COMPANY, a California general partnership
In favor of: HOUSING AUTHORITY OF THE CITY OF SUISUN CITY
Recorded: December 27, 1985 in Book 1985 of Official Records, Page 123763
Instrument No.: 61807

Which among other things provides:

The right of the City of Suisun City to regulate and control the sale and occupancy of said land as a part of said authority's low and moderate income housing program, pursuant to California Health and Safety Code Chapter 1, Part 2 of Division 24 (commencing with section 34200 of said City of Suisun City.

CONTINUED

CHICAGO TITLE INSURANCE COMPANY

7. A covenant and agreement

Executed by: HOUSING AUTHORITY OF THE CITY OF SUISUN CITY
In favor of: D & M DEVELOPMENT COMPANY, a California general
partnership and THE CITY OF SUISUN CITY
Recorded: May 14, 1986 in Book 1986 of Official Records,
Page 46545
Instrument No.: 23715

Which among other things provides:

The right of the City of Suisun City to regulate and control the sale and occupancy of said land as a part of said authority's low and moderate income housing program, pursuant to California Health and Safety Code Chapter 1, Part 2 of Division 24 (commencing with Section 34200) of said City of Suisun City

8. An easement for the purposes shown below and rights incidental thereto as shown or as offered for dedication on the recorded map shown below.

Map of: PARCEL MAP
Recorded: September 18, 1986 in Book 30 of Maps, Page 15
Easement purpose: A Joint Access
Affects: Southerly portion of Parcel Four

9. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: PACIFIC GAS AND ELECTRIC COMPANY, a California
corporation
(No representation is made as to the present ownership of said easement)
Purpose: Public Utilities
Recorded: February 2, 1987 in Book 1987 of Official Records,
Page 14159
Instrument No.: 7898
Affects: A portion of the premises

10. An easement for the purpose shown below and rights incidental thereto as reserved in a document

Purpose: Joint Access "BB" and "AA"
Recorded: December 10, 1987 in Book 1987 of Official Records,
Page 166309
Instrument No.: 81682
Affects: A portion of the premises

CONTINUED

CHICAGO TITLE INSURANCE COMPANY

11. An agreement (and the provisions contained therein) which states that as a condition precedent to granting a loan SAMCO (lender) has requested the City to subordinate its fee title interest in the subject property to the lien of SAMCO's deed of trust, and the Authority to subordinate its interest in the property described herein by virtue of a certain Regulatory Agreement, dated December 1, 1985, said interest appears to be subordinate to the Deed of Trust
Recorded: December 10, 1987 in Book 1987 of Official Records, Page 166326
Instrument No.: 81685
By Agreement
Recorded: December 10, 1987 in Book 1987 of Official Records, Page 166314
Instrument No.: 81684
12. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
Amount: \$2,100,000.00
Dated: December 1, 1987
Trustor: MERGANSER ASSOCIATES, a California general partnership
Trustee: SAMCO AUXILIARY CORPORATION, a California corporation
Beneficiary: SAVINGS ASSOCIATION MORTGAGE CO., INC. a California corporation
Address: 1333 Lawrence Expressway, Suite 330, Santa Clara, CA 95051
Loan No.: 102002
Recorded: December 10, 1987 in Book 1987 of Official Records, Page 166326
Instrument No.: 81685
Affects Parcel Four
13. The terms, conditions and provisions as contained in that certain document
Entitled: SAVINGS ASSOCIATIONS MORTGAGE COMPANY, INC.,
Regulatory Agreement
Executed By and Between: MERGANSER ASSOCIATES, a California General Partnership and SAVINGS ASSOCIATIONS MORTGAGE COMPANY, INC.
Recorded: December 10, 1987 in Book 1987 of Official Records, Page 166335
Instrument No.: 81686
Affects Parcel Four

CONTINUED

CHICAGO TITLE INSURANCE COMPANY

14. An agreement (and the provisions contained therein) which states that as a condition precedent to granting a loan SAMCO (lender) has requested the City to subordinate its fee title interest in the subject property to the lien of SAMCO'S deed of trust, and the Authority to subordinate its interest in the property described herein by virtue of a certain Regulatory Agreement, dated December 1, 1985, said interest appears to be subordinate to the Deed of Trust
- Recorded: December 10, 1987 in Book 1987 of Official Records,
Page 166354
- Instrument No.: 81688
- By Agreement
Recorded: December 10, 1987 in Book 1987 of Official Records,
page 166341
- Instrument No.: 81687
Affects Parcel One
15. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- Amount: \$1,400,000.00
Dated: December 1, 1987
Trustor: MERGANSER ASSOCIATES, a California general partnership
Trustee: SAMCO AUXILIARY CORPORATION, a California corporation
Beneficiary: SAVINGS ASSOCIATIONS MORTGAGE CO., Inc., a California corporation
- Address: 1333 Lawrence Expressway, Suite 330, Santa Clara, CA 95051
Loan No.: 102001
Recorded: December 10, 1987 in Book 1987 of Official Records,
Page 166354
- Instrument No.: 81688
Affects Parcel One
16. The terms, conditions and provisions as contained in that certain document
- Entitled: SAVINGS ASSOCIATIONS MORTGAGE COMPANY, INC.,
Regulatory Agreement
- Executed By and Between: MERGANSER ASSOCIATES, a California general partnership,
and SAVINGS ASSOCIATIONS MORTGAGE COMPANY, INC.
- Recorded: December 10, 1987 in Book 1987 of Official Records,
Page 166362
- Instrument No.: 81689
Affects Parcel One
17. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- Amount: \$451,682.00
Dated: October 2, 1987
Trustor: MERGANSER ASSOCIATES
Trustee: WESTERN TITLE INSURANCE COMPANY
Beneficiary: CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Address: 921 Tenth Street, 3H, Sacramento, CA 95814-2774
Loan No.: NONE STATED
Recorded: December 29, 1987 in Book 1987 of Official Records,
Page 173745
- Instrument No.: 85137
Affects Parcel One

CHICAGO TITLE INSURANCE COMPANY

18. A document entitled REGULATORY AGREEMENT- NUMBER 83-RHC-139 Rental Housing Construction Program, executed by MERGANSER ASSOCIATES, a California general partnership and THE CITY OF SUISUN CITY, a California housing Authority, on the terms, conditions, and provisions contained therein recorded December 29, 1987 in Book 1987 of Official Records, page 173755, Instrument No. 85138 Affects Parcel One
19. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- | | |
|-----------------|--|
| Amount: | \$50,000.00 |
| Dated: | May 25, 1988 |
| Trustor: | MERGANSER ASSOCIATES, a California general partnership |
| Trustee: | FIDELITY NATIONAL TITLE INSURANCE COMPANY, a corporation |
| Beneficiary: | MAURICE S. SKODAK and MARIE F. SKODAK |
| Address: | 387 W. "I" Street, Benicia, CA 94510 |
| Loan No.: | NONE STATED |
| Recorded: | July 8, 1988 in Book 1988 of Official Records, Page 81830 |
| Instrument No.: | 38682 |
20. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by making inquiry of the lessors and their successors in interest, in the lease described or referred to in Schedule A of this report.
21. The effect of any failure to comply with the terms, covenants, conditions and provisions of the lease described or referred to in Schedule A of this report.
22. Matters which may be disclosed by an inspection or by a survey of said land that is satisfactory to this Company, or by inquiry of the parties in possession thereof.

END OF EXCEPTIONS

Note No. 1: The following is the last conveyance of record affecting said land:

| | |
|-----------------|--|
| Grantor: | D & M DEVELOPMENT CO., a California general partnership |
| Grantee: | MERGANSER ASSOCIATES, a California general partnership |
| Recorded: | December 10, 1987 in Book 1987 of Official Records, Page 166309 |
| Instrument No.: | 81682 |

CONTINUED

CHICAGO TITLE INSURANCE COMPANY

Note No. 2: This Company will require that a full copy of any unrecorded lease referred to herein be furnished to this Company, together with all supplements, assignments and amendments, before issuing any policy of title insurance.

Note No. 3: Before issuing any insurance, this Company will require a certification signed by an authorized representative of the Housing Authority of the City of Suisun City, stating that there has been full compliance with the provision of the low-income housing program as referenced in Item No. 6 and 7 & 8 of Schedule B herein.

Note No. 4: If this order is cancelled, the charge will be that amount which is proper compensation for services rendered, but in no event shall the charge be less than the amount required by State Law.

Note No. 5: Your order for title work calls for a search of property that is identified by a street address only. Based on our records, we believe that the description in this report covers the parcel that you requested. However, we can give no assurance of this.

To prevent errors and to be certain that the proper parcel of land will appear on the documents and on the policy of title insurance, we require that written approval of the legal description in this report be sent to us, signed by the Escrow Officer or by the parties to the transaction.

12/21/88
jmm

**GARLAND &
ASSOCIATES**
REAL PROPERTY ECONOMICS ANALYSTS & APPRAISERS

June 15, 2017

Ted Caldwell
P.O. Box 38
Davis, CA 95617

Subject: 320- 322 Merganser Dr., Suisun City
Leased Fee Interest Appraisal

Dear Mr. Caldwell:

The following is a restricted use appraisal report. You are the sole intended user of this report. This report transmits only the most important information and conclusions of my appraisal. This document is not intended to transmit most of the information typically found in an appraisal report. My research and analysis notes remain in my file.

The subject of this appraisal is Solano County APNs 0173-010-21 and 0173-010-22. The legal descriptions may be found in Fidelity National Title Company Preliminary Reports 06-737176-CD dated July 5, 2006 and 06-737177-KZ dated July 5, 2006. The property has street addresses of 320 and 322 Merganser Dr., Suisun City.

Each parcel is improved with a late 1980s built apartment complex. These buildings are leasehold improvements on ground leased land. The land was leased on December 27, 1985, for a 55-year term from January 1, 1986 through December 31, 2041. The lease calls for a \$1.00 per year rent. You have reported to me that the entire 55-year lease rent was paid in full at the beginning of the lease. The lessee is responsible for all property expenses including taxes.

Of significance, the ground lease second amendment included a *Grant of Option to the Lessee*. The lessee was granted the right to purchase the fee interest at any time during the last five years of the lease. The option agreement specifies the sale price will be determined without consideration of the lease, and less clearly references the sale price will be determined without consideration of the buildings.

The option specifies the lessor and lessee can mutually agree upon a sale price. If lessor/lessee agreement is not reached there is a defined, somewhat typical, multiple appraisers and appraisals processes to establish the sale price.

The option talks about the sale price, without specification of the basis of the sale price. There is a lot of discussion of the process of how the sale price number is to be reached. However, there is no discussion of what the sale price number is to represent.

The process discussion directly addresses not considering the lease in the sale price establishment. The discussion vaguely discusses land; I think intending to mean not including the buildings. In my opinion, the likely legal interpretation of this poorly worded provision is that the appraisals are to be of the market value of the fee simple interest excluding the structural and site improvements. However, there is certainly the potential of litigation as to the meaning of the second amendment paragraph **17.04 Purchase Price**.

The subject of this current appraisal is the fee interest as encumbered by the ground lease. I have formed a professional opinion of the current market value of the leased fee interest. I have utilized The Appraisal Institute *Dictionary of Real Estate Appraisal*, 6th Edition, definition of Market Value.

In this assignment I am communicating the results of my appraisal in a restricted use report format in conformance with the Uniform Standards of Professional Standards of Professional Appraisal Practice (USPAP) Standard 2-2 (b). As such, the research and analysis remain in my work file and are not presented within this restricted use appraisal report.

You are the sole intended user of this report. The sole intended use is for consideration in offering to purchase the leased fee interest in the land. I inspected the subject property May 25, 2017, which is the date of value of this appraisal.

To my knowledge the subject property has not sold during the past three years. Also, to my knowledge there have been no offers to sell, or offers to buy, the subject property within the past three years.

Analysis

The leased fee interest of the subject property serves as a long term passive investment; the lease creates no annual income nor obligations to the owner of the fee interest. While it is technically possible that the lessee would not exercise their purchase option, and the buildings might revert to the fee owner at the end of the lease, that potential is remote at best. The more reasonable analytical premiss is the lessee will exercise their purchase option, and purchase the fee interest at the then land value sale price.

The current highest and best use of the leased fee interest is the only legal use of the property; which is to wait 19.5 to 24.5 years to receive the then land value through the tenant exercising their option to purchase the subject fee interest.

Because there is no interim income the current value of the subject leased fee interest is the present value of the future reversion of the land. This is somewhat analogous to a zero-coupon bond.

From an investment perspective the major difference between the subject and a zero-coupon bond is the reversion of a zero-coupon bond is the face value of the bond, but the subject reversion is the land value at the time of the reversion. While land values may or may not trend closely with the general inflation rates, land is a well established inflation hedge investment. On the other hand zero coupon bond reversion amounts do not index or trend with inflation.

Another significant difference between the subject leased fee interest, and a zero coupon bonds is the manner in which the investment yield is taxed. The holder of the zero coupon bond pays income tax on the unpaid, but accrued interest each year. However, all of the effective interest, or yield, on the subject property investment will be taxed as real property capital gains when the reversion occurs.

Yet another significant difference between the subject leased fee interest, and a zero coupon bonds is that a zero-coupon bond is a highly liquid asset. It can be sold on the bond market within minutes. However, the subject leased fee interest is a highly illiquid asset. It is an unusual asset, that is not the target of any particular investment buyer profile.

Because the subject is a real property asset that creates no revenue stream to service debt, the subject property leased fee interest is not financeable, at least not financeable as real property secured financing. It is a cash only buyer profile asset.

It is possible that the buyer might be well healed and seeking to fund future grandchildren college educations, or some such motivation. However, other than you, being the current leasehold interest owner seeking to assemble the fee interest, finding a buyer of the subject is a challenge at best. It is that generic buyer, not a specific buyer that is the definition of market value buyer profile.

The only valid valuation methodology for such a unique real property interest is a discounted cashflow analysis. Because the only cashflow is the reversion, this is a straightforward calculation. The inputs to the calculation are complex but the actual calculation process is a standard present value of a dollar math function.

The inputs to this calculation are, the reversionary value, and the discount rate. Again on the surface these appear to be simple inputs. However, I certainly don't know what land values are going to be in 19.5 to 24.5 years in the future, and neither does a current potential buyer of the subject.

A current land value certainly can and will be estimated. That is however no more valid future value indication than trying to look at 1993 land sales to form an opinion of the current land value. One method of estimating a future land value the applying an anticipated appreciation rate, which is a WAG if one ever existed. In that analytical approach the appropriate discount rate then needs to be weighed similarly on the conservative/liberal spectrum.

That is, if a conservative appreciation rate is used, then a conservative appreciation component of the discount rate needs to be applied. If the appreciation rate is forecast as a large rate, then the appreciation component discount rate needs to be similarly large or bold.

An alternative approach is to analyze the current value as the reversion and discount at a true yield rate exclusive of the inflation rate component. Most of the volatility over time in interest rates, discount rates, and other present value of a dollar functions has to do with volatility in inflation rates. In analyzing low risk true yield rates (exclusive of inflation rates) over decades they have typically fallen within the range 2% to 3% with the total yield being 2% to 3% plus the inflation rate.

Because the future inflation rate and future total yield rate expectation are at best a guess and are applied equally to the land value, and the discount rate, I would be inclined to discount the current land value 19.5 to 24.5 years in the future by a true yield discount rate of 2.5% annually.

However, because of the lack of financeability and other lack of investment liquidity factors, in my opinion an appropriate discount rate is 3%.

The present value factor of a dollar, 19.5 years in the future at 3% is 0.561858.

The present value factor of a dollar, 24.5 years in the future at 3% is 0.484664.

In forming an opinion of the current land value I have considered the recent land sales summarized in the following table.

| # | Location | Zoning | Sale Date | Sale Price | Sq Ft | \$/Sq Ft |
|---|--|--------|-----------|-------------|--------------------------|------------------|
| 1 | 3900 Business Center Dr. Fairfield | RH | 08/14 | \$6,000,000 | 532,739 net usable | \$11.36 |
| 2 | SEC Walters Rd & E. Tabor Ave. Suisun City | MF & C | 12/14 | \$1,999,000 | 373,745 G* 257,000 N* | \$5.35 \$7.80 |
| 3 | 3950 Business Center Dr. Fairfield | RH | 04/15 | \$1,200,000 | 245,678 G* 139,828 N* | \$4.88 \$8.58 |
| 4 | Eton Ct., Fairfield | RH | 04/15 | \$1,495,000 | 202,554 | \$7.36 |
| 5 | 1972 Tabor Ave., Fairfield | RM | 02/16 | \$1,100,000 | 179,032 | \$6.14 |

* G = gross, N = net

My analysis of these sales leads me to the opinion that the current land value is in the range of \$7.00 to \$8.00 per square foot as calculated below

$$138,520 \text{ Sq Ft} \times \$7.00/\text{Sq Ft} = \$969,640$$

$$138,520 \text{ Sq Ft} \times \$8.00/\text{Sq Ft} = \$1,108,160$$

Rounded to a \$1,000,000 current fee simple land value

Then discounting the constant dollar (non-inflated) \$1,000,000 reversion in the future leads to the following discounting calculations.

\$1,000,000 future reversion in 19.5 years x 0.561858 PV factor = \$561,858

\$1,000,000 future reversion in 24.5 years x 0.484664 PV factor = \$484,664

Rounded to \$500,000

In my opinion the current Market Value of the Leased Fee interest in the subject property is \$500,000.

Because of the lack of liquidity of the subject property, in my opinion of the necessary exposure time to have resulted in a sale of the subject property on the date of value would have been in the range of two years.

ASSUMPTIONS AND LIMITING CONDITIONS

The Uniform Standards of Professional Appraisal Practice defines a Hypothetical Condition as:

An assumption which is contrary to what is firmly known to exist, but is supposed or assumed for the purpose of discussion or analysis. In compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), we are informing readers and users of this appraisal that the use of a Hypothetical Condition was utilized in our analysis and impacts the assignment analysis, conclusions and opinions.

This appraisal is subject to the following *SPECIFIC* assumptions and limiting conditions:

1. The Client is Ted Caldwell. The intended user is the Client. The sole intended use of this appraisal is for Client consideration in potentially purchasing the leased fee interest in the subject property. Any other parties choosing to utilize this appraisal do so at their own risk, and without our consent.
2. Current Title Reports were not provided as part of this assignment. It is a specific assumption of this appraisal that there are no title issues or encumbrances that would have an impact on value.

This appraisal is subject to the following *GENERAL* assumptions and limiting conditions:

1. Reliance upon this report by any intended user is implied concurrence that the Scope of Work of the appraisal assignment is appropriate for the intended use of that user.
2. It is the responsibility of the Client to read this report and to inform the appraisers of any errors or omissions of which he/she is aware of before using this report or making it available to a third party.
3. Unless specifically stated in this report, nothing contained herein shall be construed to represent any direct or indirect recommendation to buy, sell, hold, or construct the property appraised at the appraised value. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

4. Unless otherwise stated in this report, the existence of hazardous substances, which may or may not be present on the property, was not called to our attention nor did I become aware of such during the inspection. I have no knowledge of the existence of such substances on or in the property unless otherwise stated and I am not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion reported herein is predicated on the assumption that no such hazardous substances exist in or on the property, or in such proximity that would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.
5. No liability is assumed for matters legal in character.
6. I assume that there are no defects of title and that the property is free and clear of all liens or encumbrances.
7. No right or obligation to expert testimony or attendance in court by reason of this appraisal, with reference to this property, is included, unless arrangements have been previously made.
8. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purposes by any but the principal to whom it is addressed without said principal's previous written consent, and in any event, only with the proper qualifications.
9. The information furnished by others, as identified in this report, is believed to be accurate and reliable, but no guarantee is made as to the correctness thereof.
10. The projections of costs, income, and expenses for the subject property are not predictions of the future. These projections are our best estimates of the current market thinking about what future income and expenses will be. I make no warranty or representation that these projections will materialize. The real estate market is constantly fluctuating and changing and it is not our task to estimate the conditions of a future real estate market. I can only reflect what the investment community envisions for the future in terms of rental rates, expenses, supply and demand.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

11. Any sketches in this report are included to assist the reader in visualizing the property. Land dimensions were taken from available public information and I assume no responsibility for these dimensions.
12. Neither all nor any parts of the content of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute, or to the MAI or SRA designations) shall be disseminated to the public through any media or to any other parties without prior written consent and approval.
13. Ronald G. Garland is certified by the State of California as General Real Estate Appraisers. However, I am not licensed or certified in the fields of building inspection or civil, soils, structural, or environmental engineering. I believe that the subject property is not adversely impacted by hidden or unapparent conditions relative to these fields, unless otherwise stated within this report.
14. I assume that there are no hidden or unapparent conditions which would influence the value of the subject property.

SCOPE OF APPRAISAL

1. Discussed with the Client the nature of the assignment, including an agreement of the purpose and intended use of the report, date of valuation and report, property rights and interest appraised, extraordinary assumptions, values to be reported, and any other appropriate restrictions or limitations to be placed on the scope of the assignment.
2. Ronald Garland inspected the subject property on May 25, 2017.
3. Investigated the current ownership and recent history of the subject property.
4. Investigated the city, area, and immediate location in relation to the impact of these locales on the subject property.
5. Reviewed relevant sections of the ground lease, and the second amendment to the ground lease.
6. Formed an opinion of the highest and best use of the subject property.
7. Researched comparable sales, including public records, other appraisers, active and knowledgeable brokers, and publications providing comparable sale data.
8. Inspected all of the comparable sales used in analysis.
9. Confirmed comparable data to the extent necessary, preferably with parties immediate to each transaction.
10. Researched and analyzed current discount rate indicators in the marketplace, including sales of long term ground leased properties and current zero-coupon bond rates.
11. Developed an opinion of the value of the subject property by use of appropriate appraisal techniques.
12. Prepared this written restricted use appraisal report document.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standard of Professional Appraisal Practice.
8. I have personally inspected the property that is the subject of this report.
9. No person provided significant real property appraisal assistance to the persons signing this report.

10. To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Ronald G. Garland has completed the continuing education program of the Appraisal Institute.
13. I have the necessary education and experience to competently perform this appraisal assignment.
14. Ronald G. Garland is currently certified by the State of California Office of Real Estate Appraisers as a Certified General Real Estate Appraiser (AG001662).
15. This appraisal is intended to be in compliance with the Uniform Standards of Professional Appraisal Practice.
16. I have not performed any other service on these properties during the prior three years.



Ronald G. Garland, MAI, SRA
CA #AG001662



Date

PROFESSIONAL QUALIFICATIONS of RONALD G. GARLAND, MAI, SRA

Ronald G. Garland, MAI, SRA is a real property analyst and appraiser, experienced in the appraisal of single and multi-family residential, subdivision, office, retail, light industrial, speculative land, development land, and agricultural land. In addition to appraisal, Mr. Garland is experienced in the analysis and valuation of various complex and special purpose properties, along with development valuation, analysis, and feasibility studies. Specialized studies include absorption analysis, financial feasibility analysis, development cash flow analysis, conservation easements, and complex or specialized property highest and best use analysis. Mr. Garland has testified as an expert witness in the Solano, Napa, Contra Costa and Sacramento County Superior Courts and the United States Bankruptcy Court - Eastern District of California relating to various real estate valuation topics. Mr. Garland has taught seminars on the appraisal of conservation easements for both the Northern California and Sierra Nevada Chapters of the Appraisal Institute and for the California Council of Land Trust. Mr. Garland has been published in the California Land Use Law & Policy Reporter.

Mr. Garland holds both the MAI and SRA designations of the Appraisal Institute and has been recertified under the voluntary program of continuing education for the designated members of the Institute. Mr. Garland served an elected term as a member of the National Board of Directors of the Appraisal Institute from 1996 through 1999 and served as the 1995 President of the San Francisco Bay Area Chapter of the Appraisal Institute. Mr. Garland is also certified by the State of California Office of Real Estate Appraisers as a Certified General Real Estate Appraiser (AG001662).

EMPLOYMENT

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|----------------|---|
| July, 1983 | Owner/Operator, Garland and Associates |
| July, 1979 | District Appraisal Officer, Bank of America |
| December, 1976 | Appraiser, Merced County Assessor's Office |

EDUCATION

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| University | University of California at Davis, Bachelor of Science in Agricultural Science and Management (1976) |
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| Appraisal Courses | Appraisal Institute: Litigation Appraising: Specialized Topics and Applications (2013) The Appraiser as an Expert Witness: Preparation & Testimony (2013) Condemnation Appraising: Principles and Applications (2013) Business Practice and Ethics (2007) (2013) Valuation of Conservation Easements (2008) Effective Appraisal Writing (2004) Uniform Appraisal Standards for Federal Land Acquisitions - (Yellow Book)(2002) |
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PROFESSIONAL QUALIFICATIONS
RONALD G. GARLAND, MAI, SRA (continued)

Appraisal Courses

Appraisal Institute: (cont.)

Advanced Income Capitalization (1998)
Advanced Sales Comparison and Cost Approaches (1996)
Highest & Best Use and Market Analysis (1995)
Capitalization Theory & Techniques, Part B (AIREA, 1986)
Valuation and Report Writing (AIREA, 1985) Case Studies (AIREA, 1985)
Electronic Spreadsheet in the Appraisal Office (AIREA, 1985)
Residential Valuation (AIREA, 1984)
Subdivision Analysis (AIREA, 1982)
Introduction to Appraisal (SREA, 1978)
Income Property Appraisal (SREA, 1978)

RECENT CONTINUING EDUCATION

Seminars/Workshops

Appraisal Institute:

Appraisal Litigation Conference (2013) (2012) (2011) (2009)
Appraising the Appraisal (2012)
The Death of Redevelopment in California (2012)
Wind Projects and Land Value (2012)
Diminution of Value and Severance Damages (2011)
Annual Summer Conference (2011)
IRS Valuation Summit II (2011)
Qualitative Analysis (2011)
Wetlands, Waterways & Unusual Valuation Issues (2011)
Economic Forecast (2010 & 2011)
Partial Interests/GIS/Ad Valorem Tax/Managing Trainees (2006)
California Conservation Easements (2005)
Water Rights Symposium sponsored by ASFMRA (2005)
Market Analysis and A Site to Do Business (2005)
Eminent Domain California Update (2005)
Estimating Loss in Value (2004)
Appraisal Litigation Practice and Courtroom Management (2003)
Case Studies in Limited Partnership and Common Tenancy (2003)
Entitlement, Land Subdivision and Valuation (2001)
Communications Corridors, Tower Sites, and Property Rights (2001)
Federal Land Exchanges and Acquisitions: Appraisal Issues Applications (2000)
Public Interest Value vs. Market Value Seminar (1999)
The Condemnation Process (1998)
Wetlands Valuation (1998)
Valuation of Detrimental Conditions (1998)

International Right of Way Association

Transportation Corridors (1999)
Taking "Special" out of Benefits (1997)
Condemnation Appraising and Mock Trial (1997)
Contaminated Properties (1993)

PROFESSIONAL QUALIFICATIONS
RONALD G. GARLAND, MAI, SRA (continued)

AFFILIATIONS

Northern California Chapter, Appraisal Institute
Sacramento Sierra Chapter, Appraisal Institute

RECENT PROFESSIONAL ACTIVITIES

Appraisal Institute:

Sacramento Sierra Chapter Annual Tahoe Conference, What the Heck is
Usufructuary Rights (2016)
Chair of 2014 and 2015 Annual Spring Litigation Conferences (2014-2015)
Spring Litigation Conference Committee (2011) (2012) (2013)
California State Legislative Subcommittee (2013-2014)
Member of the National Nominations Committee (2000)
Member of the National Board of Directors (1997-1999)
Region I Vice Chair (1997-1998)
National Finance Committee (1998-1999)
San Francisco Bay Area Chapter President (1995)
San Francisco Bay Area Chapter Vice President (1994)
San Francisco Bay Area Chapter Treasurer (1993)
Northern California Chapter Secretary (1992)
Northern California Chapter Board of Directors (1989-92)
Sierra-Nevada Chapter Board of Directors (1989-91)
Northern California Chapter Long Range Planning Committee (1989)
Northern California Chapter Admissions Committee (1986-90)
Professional Standards Review and Counseling Committee (1984-91)

Other:

Committee Work and Seminar Presentations - California
Council of Land Trusts (2012 - 2014)

COMMUNITY ACTIVITIES

Cordelia Rotary, Charter Member and 2001-2002 President

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GARLAND & ASSOCIATES

REAL PROPERTY ECONOMICS ANALYSTS & APPRAISERS

September 19, 2019

Ted Caldwell
P.O. Box 38
Davis, CA 95617

Subject: 320- 322 Merganser Dr., Suisun City
Leased Fee Interest Appraisal of the Land as if Vacant

Dear Mr. Caldwell:

The following is a restricted use appraisal report. You are the sole intended user of this report. This report transmits only the most important information and conclusions of my appraisal. This document is not intended to transmit most of the information typically found in an appraisal report. My research and analysis notes remain in my file.

The subject of this appraisal is Solano County APNs 0173-010-21 and 0173-010-22. The legal descriptions may be found in Fidelity National Title Company Preliminary Reports 06-737176-CD dated July 5, 2006 and 06-737177-KZ dated July 5, 2006. The property has street addresses of 320 and 322 Merganser Dr., Suisun City.

Each parcel is improved with a late 1980s built apartment complex. These buildings are leasehold improvements on ground leased land. The land was leased on December 27, 1985, for a 55-year term from January 1, 1986 through December 31, 2041. The lease calls for a \$1.00 per year rent. You have reported to me that the entire 55-year lease rent was paid in full at the beginning of the lease. The lessee is responsible for all property expenses including taxes.

Of significance, the ground lease second amendment included a *Grant of Option to the Lessee*. The lessee was granted the right to purchase the fee interest at any time during the last five years of the lease. The option agreement specifies the sale price will be determined without consideration of the lease, and less clearly references the sale price will be determined without consideration of the buildings.

The option specifies the lessor and lessee can mutually agree upon a sale price. If lessor/lessee agreement is not reached there is a defined, somewhat typical, multiple appraisers and appraisals processes to establish the sale price.

The option talks about the sale price, without specification of the basis of the sale price. There is a lot of discussion of the process of how the sale price number is to be reached. However, there is no discussion of what the sale price number is to represent.

The process discussion directly addresses not considering the lease in the sale price establishment. The discussion vaguely discusses land; I think intending to mean not including the buildings. In my opinion, the likely legal interpretation of this poorly worded provision is that the appraisals are to be of the market value of the fee simple interest excluding the structural and site improvements. However, there is certainly the potential of litigation as to the meaning of the second amendment paragraph **17.04 Purchase Price**.

The subject of this current appraisal is the fee interest of the land, as if vacant, as encumbered by the ground lease. I have formed a professional opinion of the current market value of the leased fee interest. I have utilized The Appraisal Institute *Dictionary of Real Estate Appraisal*, 6th Edition, definition of Market Value.

In this assignment I am communicating the results of my appraisal in a restricted use report format in conformance with the Uniform Standards of Professional Standards of Professional Appraisal Practice (USPAP) Standard 2-2 (b). As such, the research and analysis remain in my work file and are not presented within this restricted use appraisal report.

You are the sole intended user of this report. The sole intended use is for consideration in offering to purchase the leased fee interest in the land. I inspected the subject property September 17, 2019, which is the date of value of this appraisal.

To my knowledge the subject property has not sold during the past three years. Also, to my knowledge there have been no offers to sell, or offers to buy, the subject property within the past three years.

Analysis

The leased fee interest of the subject property as if vacant land, serves as a long term passive investment; the lease creates no annual income nor obligations to the owner of the fee interest. While it is technically possible that the lessee would not exercise their purchase option, and the buildings might revert to the fee owner at the end of the lease, that potential is remote at best. The more reasonable analytical premiss is the lessee will exercise their purchase option, and purchase the fee interest at the then land value sale price.

The current highest and best use of the leased fee interest is the only legal use of the property; which is to wait 17.5 to 22.5 years to receive the then land value through the tenant exercising their option to purchase the subject fee interest of the land as if vacant.

Because there is no interim income the current value of the subject leased fee interest is the present value of the future reversion of the land. This is somewhat analogous to a zero-coupon bond.

From an investment perspective the major difference between the subject and a zero-coupon bond is the reversion of a zero-coupon bond is the face value of the bond, but the subject reversion is the land value at the time of the reversion. While land values may or may not trend closely with the general inflation rates, land is a well established inflation hedge investment. On the other hand zero coupon bond reversion amounts do not index or trend with inflation.

Another significant difference between the subject leased fee interest, and a zero coupon bonds is the manner in which the investment yield is taxed. The holder of the zero coupon bond pays income tax on the unpaid, but accrued interest each year. However, all of the effective interest, or yield, on the subject property investment will be taxed as real property capital gains when the reversion occurs.

Yet another significant difference between the subject leased fee interest, and a zero coupon bonds is that a zero-coupon bond is a highly liquid asset. It can be sold on the bond market within minutes. However, the subject leased fee interest is a highly illiquid asset. It is an unusual asset, that is not the target of any particular investment buyer profile.

Because the subject is a real property asset that creates no revenue stream to service debt, the subject property leased fee interest is not financeable, at least not financeable as real property secured financing. It is a cash only buyer profile asset.

It is possible that the buyer might be well healed and seeking to fund future grandchildren college educations, or some such motivation. However, other than you, being the current leasehold interest owner seeking to assemble the fee interest, finding a buyer of the subject is a challenge at best. It is that generic buyer, not you as a specific buyer that is the definition of market value buyer profile.

The only valid valuation methodology for such a unique real property interest is a discounted cashflow analysis. Because the only cashflow is the reversion, this is a straightforward calculation. The inputs to the calculation are complex but the actual calculation process is a standard present value of a dollar math function.

The inputs to this calculation are, the reversionary value, and the discount rate. Again on the surface these appear to be simple inputs. However, I certainly don't know what land values are going to be in 17.5 to 22.5 years in the future, and neither does a current potential buyer of the subject.

A current land value certainly can and will be estimated. That is however no more valid future value indication than trying to look at 1995 land sales to form an opinion of the current land value. One method of estimating a future land value the applying an anticipated appreciation rate, which is a WAG if one ever existed. In that analytical approach the appropriate discount rate then needs to be weighed similarly on the conservative/liberal spectrum.

That is, if a conservative appreciation rate is used, then a conservative appreciation component of the discount rate needs to be applied. If the appreciation rate is forecast as a large rate, then the appreciation component discount rate needs to be similarly large or bold.

An alternative approach is to analyze the current value as the reversion and discount at a true yield rate exclusive of the inflation rate component. Most of the volatility over time in interest rates, discount rates, and other present value of a dollar functions has to do with volatility in inflation rates. In analyzing low risk true yield rates (exclusive of inflation rates) over decades they have typically fallen within the range 2% to 3% with the total yield being 2% to 3% plus the inflation rate.

Because the future inflation rate and future total yield rate expectation are at best a guess and are applied equally to the land value, and the discount rate, I would be inclined to discount the current land value 17.5 to 22.5 years in the future by a true yield discount rate of 2.5% annually.

However, because of the lack of financeability and other lack of investment liquidity factors, in my opinion an appropriate discount rate is 3%.

The present value factor of a dollar, 17.5 years in the future at 3% is 0.596075.

The present value factor of a dollar, 22.5 years in the future at 3% is 0.514180.

In forming an opinion of the current land value I have considered the recent land sales summarized in the following table.

| # | Location | Zoning | Sale Date | Sale Price | Sq Ft | \$/ Sq Ft |
|--------|--|------------|-----------|--------------------------|--------------------------|-------------------|
| 1 | SW corner Allison Dr. & Travis Wy Vacaville | HDR -PD | 12/18 | \$5,500,000 | 649,480 G* 477,853N* | \$8.47 \$11.51 |
| 2 | 4625 Mangels Blvd. Fairfield (Rockville Terrace site) | IBP | 01/15 | \$1,700,000 ¹ | 216,929 | \$7.84 |
| 3 | 160 ± Tabor Ave (APN0034-122-10) Fairfield | RH | 11/18 | \$325,000 | 66,646 | \$4.88 |
| 4 | 3950 Business Center Dr. Fairfield | RH | 04/15 | \$1,200,000 | 245,678 G* 139,828 N* | \$4.88 \$8.58 |
| 5 | Eton Ct., Fairfield | RH | 04/15 | \$1,495,000 | 202,554 | \$7.36 |
| 6 5 | 1972 Tabor Ave., Fairfield | RM | 02/16 | \$1,100,000 | 179,032 | \$6.14 |

* G = gross, N = net

1. The original negotiated price was \$1,700,000, which was negotiated down to \$1,150,000 due to earthquake damage to the site during the escrow period. The \$1,700,000 price is the undamaged site value in this sale transaction.

My analysis of these sales leads me to the opinion that the current land value is in the range of \$7.00 to \$8.00 per square foot as calculated below

$$138,520 \text{ Sq Ft} \times \$7.00/\text{Sq Ft} = \$969,640$$

$$138,520 \text{ Sq Ft} \times \$8.00/\text{Sq Ft} = \$1,108,160$$

Rounded to a \$1,000,000 current fee simple land value

Then discounting the constant dollar (non-inflated) \$1,000,000 reversion in the future leads to the following discounting calculations.

$$\$1,000,000 \text{ future reversion in } 17.5 \text{ years} \times 0.596075 \text{ PV factor} = \$596,075$$

$$\$1,000,000 \text{ future reversion in } 22.5 \text{ years} \times 0.514180 \text{ PV factor} = \$514,180$$

Rounded to \$550,000

In my opinion the current Market Value of the Leased Fee interest in the subject property land as if vacant, is \$550,000.

Because of the lack of liquidity of the subject property, in my opinion of the necessary exposure time to have resulted in a sale of the subject property on the date of value would have been in the range of two years.

ASSUMPTIONS AND LIMITING CONDITIONS

The Uniform Standards of Professional Appraisal Practice defines a Hypothetical Condition as:

An assumption which is contrary to what is firmly known to exist, but is supposed or assumed for the purpose of discussion or analysis. In compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), we are informing readers and users of this appraisal that the use of a Hypothetical Condition was utilized in our analysis and impacts the assignment analysis, conclusions and opinions.

Hypothetical Condition:

the subject land is improved with an apartment complex. The appraisal is of the land as if vacant. Intrinsically this means the appraisal is subject to the hypothetical condition that the site is vacant, which is not its known physical condition.

This appraisal is subject to the following *SPECIFIC* assumptions and limiting conditions:

1. The Client is Ted Caldwell. The intended user is the Client. The sole intended use of this appraisal is for Client consideration in potentially purchasing the leased fee interest in the subject property. Any other parties choosing to utilize this appraisal do so at their own risk, and without our consent.
2. Current Title Reports were not provided as part of this assignment. It is a specific assumption of this appraisal that there are no title issues or encumbrances that would have an impact on value.

This appraisal is subject to the following *GENERAL* assumptions and limiting conditions:

1. Reliance upon this report by any intended user is implied concurrence that the Scope of Work of the appraisal assignment is appropriate for the intended use of that user.
2. It is the responsibility of the Client to read this report and to inform the appraisers of any errors or omissions of which he/she is aware of before using this report or making it available to a third party.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

3. Unless specifically stated in this report, nothing contained herein shall be construed to represent any direct or indirect recommendation to buy, sell, hold, or construct the property appraised at the appraised value. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
4. Unless otherwise stated in this report, the existence of hazardous substances, which may or may not be present on the property, was not called to our attention nor did I become aware of such during the inspection. I have no knowledge of the existence of such substances on or in the property unless otherwise stated and I am not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion reported herein is predicated on the assumption that no such hazardous substances exist in or on the property, or in such proximity that would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.
5. No liability is assumed for matters legal in character.
6. I assume that there are no defects of title and that the property is free and clear of all liens or encumbrances.
7. No right or obligation to expert testimony or attendance in court by reason of this appraisal, with reference to this property, is included, unless arrangements have been previously made.
8. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purposes by any but the principal to whom it is addressed without said principal's previous written consent, and in any event, only with the proper qualifications.
9. The information furnished by others, as identified in this report, is believed to be accurate and reliable, but no guarantee is made as to the correctness thereof.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

10. The projections of costs, income, and expenses for the subject property are not predictions of the future. These projections are our best estimates of the current market thinking about what future income and expenses will be. I make no warranty or representation that these projections will materialize. The real estate market is constantly fluctuating and changing and it is not our task to estimate the conditions of a future real estate market. I can only reflect what the investment community envisions for the future in terms of rental rates, expenses, supply and demand.
11. Any sketches in this report are included to assist the reader in visualizing the property. Land dimensions were taken from available public information and I assume no responsibility for these dimensions.
12. Neither all nor any parts of the content of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute, or to the MAI or SRA designations) shall be disseminated to the public through any media or to any other parties without prior written consent and approval.
13. Ronald G. Garland is certified by the State of California as General Real Estate Appraisers. However, I am not licensed or certified in the fields of building inspection or civil, soils, structural, or environmental engineering. I believe that the subject property is not adversely impacted by hidden or unapparent conditions relative to these fields, unless otherwise stated within this report.
14. I assume that there are no hidden or unapparent conditions which would influence the value of the subject property.

SCOPE OF APPRAISAL

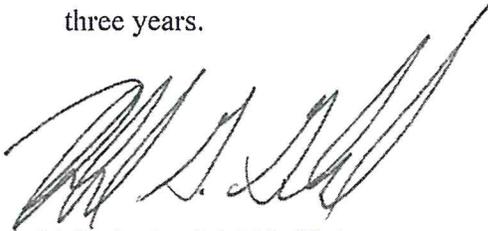
1. Discussed with the Client the nature of the assignment, including an agreement of the purpose and intended use of the report, date of valuation and report, property rights and interest appraised, extraordinary assumptions, values to be reported, and any other appropriate restrictions or limitations to be placed on the scope of the assignment.
2. Ronald Garland inspected the subject property on September 17, 2019.
3. Investigated the current ownership and recent history of the subject property.
4. Investigated the city, area, and immediate location in relation to the impact of these locales on the subject property.
5. Reviewed relevant sections of the ground lease, and the second amendment to the ground lease.
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7. Researched comparable sales, including public records, other appraisers, active and knowledgeable brokers, and publications providing comparable sale data.
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9. Confirmed comparable data to the extent necessary, preferably with parties immediate to each transaction.
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11. Developed an opinion of the value of the subject property by use of appropriate appraisal techniques.
12. Prepared this written restricted use appraisal report document.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standard of Professional Appraisal Practice.
8. I have personally inspected the property that is the subject of this report.
9. No person provided significant real property appraisal assistance to the persons signing this report.

10. To the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Ronald G. Garland has completed the continuing education program of the Appraisal Institute.
13. I have the necessary education and experience to competently perform this appraisal assignment.
14. Ronald G. Garland is currently certified by the State of California Office of Real Estate Appraisers as a Certified General Real Estate Appraiser (AG001662).
15. This appraisal is intended to be in compliance with the Uniform Standards of Professional Appraisal Practice.
16. I have previously appraised the subject property for the same client and intended use on May 25, 2017. I have not performed any other service on these properties during the prior three years.



Ronald G. Garland, MAI, SRA
CA #AG001662

9/19/19

Date

PROFESSIONAL QUALIFICATIONS of RONALD G. GARLAND, MAI, SRA

Ronald G. Garland, MAI, SRA is a real property analyst and appraiser, experienced in the appraisal of single and multi-family residential, subdivision, office, retail, light industrial, speculative land, development land, and agricultural land. In addition to appraisal, Mr. Garland is experienced in the analysis and valuation of various complex and special purpose properties, along with development valuation, analysis, and feasibility studies. Specialized studies include absorption analysis, financial feasibility analysis, development cash flow analysis, conservation easements, and complex or specialized property highest and best use analysis. Mr. Garland has testified as an expert witness in the Solano, Napa, Contra Costa and Sacramento County Superior Courts and the United States Bankruptcy Court - Eastern District of California relating to various real estate valuation topics. Mr. Garland has taught seminars on the appraisal of conservation easements for both the Northern California and Sierra Nevada Chapters of the Appraisal Institute and for the California Council of Land Trust. Mr. Garland has been published in the California Land Use Law & Policy Reporter.

Mr. Garland holds both the MAI and SRA designations of the Appraisal Institute and has been recertified under the voluntary program of continuing education for the designated members of the Institute. Mr. Garland served an elected term as a member of the National Board of Directors of the Appraisal Institute from 1996 through 1999 and served as the 1995 President of the San Francisco Bay Area Chapter of the Appraisal Institute. Mr. Garland is also certified by the State of California Office of Real Estate Appraisers as a Certified General Real Estate Appraiser (AG001662).

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| July, 1979 | District Appraisal Officer, Bank of America |
| December, 1976 | Appraiser, Merced County Assessor's Office |

EDUCATION

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| University | University of California at Davis, Bachelor of Science in Agricultural Science and Management (1976) |
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PROFESSIONAL QUALIFICATIONS
RONALD G. GARLAND, MAI, SRA (continued)

Appraisal Courses **Appraisal Institute:** (cont.)
Advanced Income Capitalization (1998)
Advanced Sales Comparison and Cost Approaches (1996)
Highest & Best Use and Market Analysis (1995)
Capitalization Theory & Techniques, Part B (AIREA, 1986)
Valuation and Report Writing (AIREA, 1985) Case Studies (AIREA, 1985)
Electronic Spreadsheet in the Appraisal Office (AIREA, 1985)
Residential Valuation (AIREA, 1984)
Subdivision Analysis (AIREA, 1982)
Introduction to Appraisal (SREA, 1978)
Income Property Appraisal (SREA, 1978)

RECENT CONTINUING EDUCATION

Seminars/Workshops **Appraisal Institute:**
Appraisal Litigation Conference (2013) (2012) (2011) (2009)
Appraising the Appraisal (2012)
The Death of Redevelopment in California (2012)
Wind Projects and Land Value (2012)
Diminution of Value and Severance Damages (2011)
Annual Summer Conference (2011)
IRS Valuation Summit II (2011)
Qualitative Analysis (2011)
Wetlands, Waterways & Unusual Valuation Issues (2011)
Economic Forecast (2010 & 2011)
Partial Interests/GIS/Ad Valorem Tax/Managing Trainees (2006)
California Conservation Easements (2005)
Water Rights Symposium sponsored by ASFMRA (2005)
Market Analysis and A Site to Do Business (2005)
Eminent Domain California Update (2005)
Estimating Loss in Value (2004)
Appraisal Litigation Practice and Courtroom Management (2003)
Case Studies in Limited Partnership and Common Tenancy (2003)
Entitlement, Land Subdivision and Valuation (2001)
Communications Corridors, Tower Sites, and Property Rights (2001)
Federal Land Exchanges and Acquisitions: Appraisal Issues Applications (2000)
Public Interest Value vs. Market Value Seminar (1999)
The Condemnation Process (1998)
Wetlands Valuation (1998)
Valuation of Detrimental Conditions (1998)

International Right of Way Association
Transportation Corridors (1999)
Taking "Special" out of Benefits (1997)
Condemnation Appraising and Mock Trial (1997)
Contaminated Properties (1993)

PROFESSIONAL QUALIFICATIONS
RONALD G. GARLAND, MAI, SRA (continued)

AFFILIATIONS

Northern California Chapter, Appraisal Institute
Sacramento Sierra Chapter, Appraisal Institute

RECENT PROFESSIONAL ACTIVITIES

Appraisal Institute:

Sacramento Sierra Chapter Annual Tahoe Conference, What the Heck is
Usufructuary Rights (2016)
Chair of 2014 and 2015 Annual Spring Litigation Conferences (2014-2015)
Spring Litigation Conference Committee (2011) (2012) (2013)
California State Legislative Subcommittee (2013-2014)
Member of the National Nominations Committee (2000)
Member of the National Board of Directors (1997-1999)
Region I Vice Chair (1997-1998)
National Finance Committee (1998-1999)
San Francisco Bay Area Chapter President (1995)
San Francisco Bay Area Chapter Vice President (1994)
San Francisco Bay Area Chapter Treasurer (1993)
Northern California Chapter Secretary (1992)
Northern California Chapter Board of Directors (1989-92)
Sierra-Nevada Chapter Board of Directors (1989-91)
Northern California Chapter Long Range Planning Committee (1989)
Northern California Chapter Admissions Committee (1986-90)
Professional Standards Review and Counseling Committee (1984-91)

Other:

Committee Work and Seminar Presentations - California
Council of Land Trusts (2012 - 2014)

COMMUNITY ACTIVITIES

Cordelia Rotary, Charter Member and 2001-2002 President

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AGENDA TRANSMITTAL

MEETING DATE: November 5, 2019

JOINT AGENDA ITEM: Accept the Investment Report for the Quarter Ending September 30, 2019.

FISCAL IMPACT: No fiscal impact; informational only.

BACKGROUND: Each quarter it is necessary to produce an Investment Report showing how all City, Housing Authority, and Suisun-Solano Water Authority's available cash is invested, in terms of the type of investment, what institution it is invested in, and current value and interest earnings.

STAFF REPORT: The total cash and investments (par amount) equaled to \$47,727,203 for the period ending September 30, 2019. In summary, the investment portfolio consists of the following governmental funds:

| | | |
|---|----|------------|
| Suisun-Solano 2016 Series Bond Proceeds | \$ | 3,409,391 |
| Suisun-Solano 2019 Series Bond Proceeds | \$ | 9,008,479 |
| Energy Conservation Project-ENGIE | \$ | 4,755,797 |
| Debt Service Reserves | \$ | 4,030,454 |
| General Fund | \$ | 2,981,615 |
| Fiduciary Funds | \$ | 7,576,219 |
| All Other Funds | \$ | 15,965,247 |
| Total | \$ | 47,727,203 |

In terms of return on our investment managed by PFM Asset Management LLC, the current yield to maturity at cost 2.02% with an average life of 866 days. The average Local Agency Investment Fund return for the current quarter is 2.34%. As can be seen in the Pie Chart on the last page of the attached Investment Report, nearly 74% of the cash is invested in federally insured CD's, US Treasuries or Agency Notes, all of which generate higher yields.

RECOMMENDATION: It is recommended that the Council/Authority accept the **First Quarter** Financial Officer's Investment Report.

ATTACHMENTS:

1. Financial Officer's Investment Report, for the Quarter Ending September 30, 2019.

| | |
|---------------------|--|
| PREPARED BY: | Elizabeth N. Luna, Accounting Services Manager |
| REVIEWED BY: | Joe Dingman, Director of Administrative Services |
| APPROVED BY: | Greg Folsom, City Manager |

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City of Suisun City,
Successor Agency, Housing Authority and Suisun-Solano Water Authority
FINANCIAL OFFICER'S INVESTMENT REPORT

September 30, 2019

| Category of Investment | Name of Institution | Maturity Date | Par Amount | Market Value* | Amortized Cost | Curr Yield At Market | Est Annual Income |
|--|---------------------------|----------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| Checking Account | West America Bank | Demand Deposit | \$ 2,775,602 | \$ 2,775,602 | \$ 2,775,602 | 0.000% | - |
| State Investment-CITY | LAIF | Demand Deposit | \$ 5,355,260 | \$ 5,355,260 | \$ 5,355,260 | 2.280% | 122,100 |
| Total Cash Equivalents | | | \$ 8,130,862 | \$ 8,130,862 | \$ 8,130,862 | 1.502% | \$ 122,100 |
| 2016 SSWA Bond Proceeds | US Bank | 8AMMFOBR1 | \$ 3,409,391 | \$ 3,409,391 | \$ 3,409,391 | 1.750% | 59,664 |
| Lease Equipment Purchase Proceeds-Engie | Sterling National Bank | Money Market | \$ 4,755,797 | \$ 4,755,797 | \$ 4,755,797 | 0.010% | 4,756 |
| 2019 SSWA Bond Proceeds | First Amer Treas Oblig Fd | #31846V302 | \$ 9,008,479 | \$ 9,008,479 | \$ 9,008,479 | 1.550% | 157,648 |
| Total Bond/Loan Proceeds | | | \$ 17,173,667 | \$ 17,173,667 | \$ 17,173,667 | 1.293% | \$ 222,068 |
| First American Government | #31846V203 | Demand Deposit | \$ 95,579 | \$ 95,579 | \$ 95,579 | 1.520% | 1,453 |
| BNP Paribas NY Branch Commercial Paper | 09659CXH6 | 10/17/2019 | \$ 400,000 | \$ 399,625 | \$ 399,548 | 2.572% | 10,280 |
| Total Commercial Paper | | | \$ 495,579 | \$ 495,204 | \$ 495,127 | 2.369% | \$ 11,733 |
| FHLMC K006 A2 | FHLMC #31398VJ98 | 01/25/20 | \$ 234,331 | \$ 234,712 | \$ 235,133 | 4.244% | 9,961 |
| FNA 2010-M6 A2 | FNA #31398SKA0 | 09/25/20 | \$ 97,805 | \$ 98,540 | \$ 98,741 | 3.289% | 3,241 |
| FNA 2018-MS A2 | FNA #3136B1XP4 | 09/25/21 | \$ 102,331 | \$ 104,227 | \$ 103,490 | 3.495% | 3,643 |
| FHLMC Multifamily Structured P Pool | FHLMC #3137BHXY8 | 01/25/22 | \$ 210,000 | \$ 213,049 | \$ 211,126 | 2.751% | 5,861 |
| FHLMC Series K721 A2 | FHLMC #3137BM6P6 | 08/25/22 | \$ 160,000 | \$ 163,634 | \$ 160,822 | 3.021% | 4,944 |
| Fannie Mae-ACES | FNMA #3136AEGQ4 | 12/25/22 | \$ 97,091 | \$ 98,006 | \$ 98,347 | 2.259% | 2,214 |
| FHLMC Series K032 A1 | FHLMC #3137B4GX8 | 02/01/23 | \$ 62,983 | \$ 64,119 | \$ 63,048 | 2.963% | 1,900 |
| FHLMC Multifamily Structured P | FNA #3137B5JL8 | 02/25/23 | \$ 71,239 | \$ 72,049 | \$ 70,936 | 2.638% | 1,901 |
| FHMS KP05 A | FNA #3137FKK39 | 07/01/23 | \$ 89,024 | \$ 90,559 | \$ 89,023 | 3.148% | 2,851 |
| Total Federal Agency Collateralized Mortgage Obl. | | | \$ 1,124,805 | \$ 1,138,894 | \$ 1,130,666 | 3.206% | \$ 36,516 |
| Federal Agency/Bond Note | FNMA #3135G0T29 | 02/28/20 | \$ 305,000 | \$ 304,480 | \$ 304,973 | 1.503% | 4,575 |
| Federal Agency/Bond Note | FHLB #3130ADUJ9 | 03/30/20 | \$ 420,000 | \$ 421,058 | \$ 419,981 | 2.369% | 9,975 |
| Federal Agency/Bond Note | FHLMC #3137EAEF2 | 04/20/20 | \$ 295,000 | \$ 294,140 | \$ 294,811 | 1.379% | 4,056 |
| Federal Agency/Bond Note | FNMA #3135G0T60 | 07/30/20 | \$ 550,000 | \$ 548,501 | \$ 549,530 | 1.504% | 8,250 |
| Federal Agency/Bond Note | FHLB #31337OU55 | 09/11/20 | \$ 285,000 | \$ 287,698 | \$ 286,045 | 2.848% | 8,194 |
| Federal Agency/Bond Note | FHLB #3130ACE26 | 09/28/20 | \$ 155,000 | \$ 154,294 | \$ 154,836 | 1.381% | 2,131 |
| Federal Agency/Bond Note | FMN #3135G0U84 | 10/30/20 | \$ 250,000 | \$ 252,704 | \$ 249,920 | 2.844% | 7,188 |
| Federal Agency/Bond Note | FHLMC #3137EAEK1 | 11/17/20 | \$ 420,000 | \$ 420,433 | \$ 419,846 | 1.873% | 7,875 |
| Federal Agency/Bond Note | FMN #3137EAEI9 | 02/16/21 | \$ 200,000 | \$ 201,617 | \$ 199,753 | 2.356% | 4,750 |
| Federal Agency/Bond Note | FFCBN #3133EJJD2 | 04/05/21 | \$ 300,000 | \$ 303,743 | \$ 299,821 | 2.509% | 7,620 |
| Federal Agency/Bond Note | FM# 3135G0U27 | 04/13/21 | \$ 130,000 | \$ 131,549 | \$ 129,899 | 2.471% | 3,250 |
| Federal Agency/Bond Note | FMN #3135G0U92 | 01/11/22 | \$ 125,000 | \$ 127,670 | \$ 124,931 | 2.570% | 3,281 |
| Federal Agency/Bond Note | FM# 3135G0T45 | 04/05/22 | \$ 100,000 | \$ 100,681 | \$ 99,768 | 1.862% | 1,875 |
| Federal Agency/Bond Note | FHLBN #3130A5P45 | 06/10/22 | \$ 365,000 | \$ 371,867 | \$ 370,279 | 2.331% | 8,669 |
| Federal Agency/Bond Note | FMN #3135G0W33 | 09/06/22 | \$ 290,000 | \$ 287,943 | \$ 289,014 | 1.385% | 3,988 |
| Federal Agency/Bond Note | FHLB #313383QR5 | 06/09/23 | \$ 250,000 | \$ 264,012 | \$ 262,637 | 3.078% | 8,125 |
| Federal Agency/Bond Note | FHLB #313383YJ4 | 09/08/23 | \$ 150,000 | \$ 159,880 | \$ 152,189 | 3.167% | 5,063 |
| Federal Agency/Bond Note | FM #3135G0U43 | 09/12/23 | \$ 400,000 | \$ 419,198 | \$ 398,684 | 2.743% | 11,500 |
| Federal Agency/Bond Note | FMN #3135G0V34 | 02/05/24 | \$ 325,000 | \$ 337,253 | \$ 323,939 | 2.409% | 8,125 |
| Federal Agency/Bond Note | FHLB #3130AFW94 | 02/13/24 | \$ 250,000 | \$ 259,472 | \$ 249,220 | 2.409% | 6,250 |
| Total Federal Agency Bond/Note | | | \$ 5,565,000 | \$ 5,648,192 | \$ 5,580,076 | 2.208% | \$ 124,740 |
| US Treasury Notes | #912828F62 | 10/31/19 | \$ 375,000 | \$ 374,816 | \$ 375,039 | 1.501% | 5,625 |
| US Treasury Notes | #912828357 | 01/31/20 | \$ 130,000 | \$ 130,035 | \$ 129,936 | 1.999% | 2,600 |
| US Treasury Notes | #912828VP2 | 07/31/20 | \$ 50,000 | \$ 50,053 | \$ 50,342 | 1.998% | 1,000 |
| US Treasury Notes | #912828L32 | 08/31/20 | \$ 400,000 | \$ 398,281 | \$ 401,037 | 1.381% | 5,500 |
| US Treasury Notes | #912828L32 | 08/31/20 | \$ 485,000 | \$ 482,916 | \$ 487,155 | 1.381% | 6,669 |
| US Treasury Notes | #9128285G1 | 10/31/20 | \$ 275,000 | \$ 278,094 | \$ 277,712 | 2.843% | 7,906 |
| US Treasury Notes | #912828N48 | 12/31/20 | \$ 250,000 | \$ 249,834 | \$ 252,263 | 1.751% | 4,375 |
| US Treasury Notes | #912828Q78 | 04/30/21 | \$ 390,000 | \$ 387,852 | \$ 387,054 | 1.383% | 5,363 |
| US Treasury Notes | #912828Q78 | 04/30/21 | \$ 465,000 | \$ 462,439 | \$ 461,523 | 1.383% | 6,394 |
| US Treasury Notes | #912828S76 | 07/31/21 | \$ 330,000 | \$ 326,713 | \$ 325,909 | 1.136% | 3,713 |
| US Treasury Notes | #912828D72* | 08/31/21 | \$ 421,837 | \$ 424,440 | \$ 423,388 | 6.597% | 28,000 |
| US Treasury Notes | #912828T67 | 10/31/21 | \$ 500,000 | \$ 495,938 | \$ 496,012 | 1.260% | 6,250 |
| US Treasury Notes | #912828F96 | 10/31/21 | \$ 450,000 | \$ 453,146 | \$ 451,288 | 1.986% | 9,000 |
| US Treasury Notes | #912828H86 | 01/31/22 | \$ 100,000 | \$ 99,731 | \$ 98,911 | 1.504% | 1,500 |
| US Treasury Notes | #912828H86 | 01/31/22 | \$ 400,000 | \$ 398,922 | \$ 396,573 | 1.504% | 6,000 |
| US Treasury Notes | #9128282P4 | 07/31/22 | \$ 35,000 | \$ 35,261 | \$ 34,855 | 1.860% | 656 |
| US Treasury Notes | #912828XQ8 | 07/31/22 | \$ 225,000 | \$ 227,593 | \$ 226,151 | 1.977% | 4,500 |
| US Treasury Notes | #9128282P4 | 07/31/22 | \$ 400,000 | \$ 402,984 | \$ 396,256 | 1.861% | 7,500 |
| US Treasury Notes | #912828L57 | 09/30/22 | \$ 140,000 | \$ 140,695 | \$ 139,209 | 1.741% | 2,450 |
| US Treasury Notes | #912828L57 | 09/30/22 | \$ 300,000 | \$ 301,488 | \$ 291,540 | 1.741% | 5,250 |
| US Treasury Notes | #912828L57 | 09/30/22 | \$ 400,000 | \$ 401,984 | \$ 396,082 | 1.741% | 7,000 |
| US Treasury Notes | #9128282W9 | 09/30/22 | \$ 330,000 | \$ 332,926 | \$ 323,661 | 1.859% | 6,188 |
| US Treasury Notes | #912828N30 | 12/31/22 | \$ 575,000 | \$ 584,815 | \$ 567,378 | 2.089% | 12,219 |
| US Treasury Notes | #9128283U2 | 01/31/23 | \$ 100,000 | \$ 102,539 | \$ 103,021 | 2.316% | 2,375 |
| US Treasury Notes | #912828P38 | 01/31/23 | \$ 255,000 | \$ 256,345 | \$ 245,310 | 1.741% | 4,463 |
| US Treasury Notes | #912828Q29 | 03/31/23 | \$ 300,000 | \$ 299,309 | \$ 286,936 | 1.503% | 4,500 |

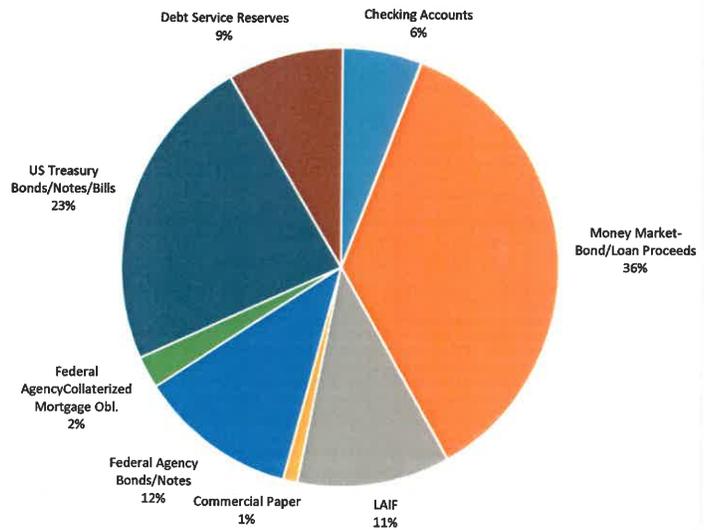
City of Suisun City,
Successor Agency, Housing Authority and Suisun-Solano Water Authority
FINANCIAL OFFICER'S INVESTMENT REPORT

September 30, 2019

| Category of Investment | Name of Institution | Maturity Date | Par Amount | Market Value* | Amortized Cost | Curr Yield At Market | Est Annual Income |
|---------------------------------------|---------------------------|----------------|---------------|---------------|----------------|----------------------|-------------------|
| US Treasury Notes | #9128284L1 | 04/30/23 | \$ 280,000 | \$ 291,364 | \$ 290,995 | 2.643% | 7,700 |
| US Treasury Notes | #912828R69 | 05/31/23 | \$ 350,000 | \$ 350,684 | \$ 338,943 | 1.622% | 5,688 |
| US Treasury Notes | #912828R69 | 05/31/23 | \$ 350,000 | \$ 350,684 | \$ 341,552 | 1.622% | 5,688 |
| US Treasury Notes | #912828T26 | 09/30/23 | \$ 500,000 | \$ 496,328 | \$ 490,015 | 1.385% | 6,875 |
| US Treasury Notes | #912828V23 | 12/31/23 | \$ 250,000 | \$ 256,924 | \$ 249,036 | 2.189% | 5,625 |
| US Treasury Notes | #912828W71 | 03/31/24 | \$ 195,000 | \$ 199,715 | \$ 197,538 | 2.075% | 4,144 |
| US Treasury Notes | #912828X70 | 04/30/24 | \$ 250,000 | \$ 254,756 | \$ 246,149 | 1.963% | 5,000 |
| US Treasury Notes | #912828WJ5 | 05/15/24 | \$ 430,000 | \$ 447,704 | \$ 447,039 | 2.401% | 10,750 |
| US Treasury Notes | #912828XX3 | 06/30/24 | \$ 230,000 | \$ 234,465 | \$ 232,354 | 1.962% | 4,600 |
| US Treasury Notes | #912828D56 | 08/15/24 | \$ 290,000 | \$ 300,807 | \$ 302,873 | 2.290% | 6,888 |
| Total US Treasury Bond/Note | | | \$ 11,206,837 | \$ 11,282,579 | \$ 11,161,036 | 1.510% | \$ 170,384 |
| TOTAL POOLED INVESTMENTS | | | \$ 43,696,749 | \$ 43,869,397 | \$ 43,671,434 | 1.567% | \$ 687,541 |
| Reserved for Bond/Debt Service | | | | | | | |
| Govt Sec Money Market-RDA/SA | First Amer Treas Oblig Fd | #31846V302 | \$ 14,995 | \$ 14,995 | \$ 14,995 | 1.390% | 208 |
| Govt Sec Money Market-RDA/SA | First Amer Treas Oblig Fd | #31846V302 | \$ 883,625 | \$ 883,625 | \$ 883,625 | 1.390% | 12,282 |
| Govt Sec Money Market-RDA/SA | First Amer Treas Oblig Fd | #31846V302 | \$ 1,755,000 | \$ 1,755,000 | \$ 1,755,000 | 1.390% | 24,395 |
| Savings Acct-RDA Marina | West America Bank | Demand Deposit | \$ 398,671 | \$ 398,671 | \$ 398,671 | 0.073% | 291 |
| Marina Debt Service | Federal Agency/Bond Note | #912828T67* | \$ 978,163 | \$ 984,201 | \$ 981,761 | 1.317% | 12,925 |
| Total Debt Service Reserve Funds | | | \$ 4,030,454 | \$ 4,036,491 | \$ 4,034,052 | 1.241% | \$ 50,102 |
| Grand Total | | | \$ 47,727,203 | \$ 47,905,889 | \$ 47,705,486 | 1.540% | \$ 737,643 |

Summary of Pooled Investments

| Summary of Pooled Investments | Amortized Cost Amount |
|---|-----------------------|
| Checking Accounts | \$ 2,775,602 |
| Money Market-Bond/Loan Proceeds | \$ 17,173,667 |
| LAIF | \$ 5,355,260 |
| Commercial Paper | \$ 495,127 |
| Federal Agency Bonds/Notes | \$ 5,580,076 |
| Federal Agency Collateralized Mortgage Obl. | \$ 1,130,666 |
| US Treasury Bonds/Notes/Bills | \$ 11,161,036 |
| Debt Service Reserves | \$ 4,034,052 |
| Total | \$ 47,705,486 |



* Market Valuation for Federal Agency Bonds/Notes and US Treasury Bonds/Notes is from City's Investment Advisor, PFM. Valuation for Debt Service Reserve funds is from the City's Trustee, US Bank.

City Treasurer's Statement:
I hereby certify that I have examined the records and find this report to be correct, that all investments are made in accordance with the investment policy, and the City will be able to meet its obligations for the next six months.

Attest: Michael J. McMurry 10-29-19
Michael J. McMurry, City Treasurer Date

Prepared by: Robin Daniel 10-28-19
Robin Daniel, Accountant Date
Reviewed & Submitted by: Elizabeth Luna 10-28-19
Elizabeth Luna, Accounting Services Mgr. Date

DRAFT AGENDA TRANSMITTAL

MEETING DATE: November 5, 2019

AGENDA ITEM: Discussion and Direction on Recent California Wildfires and City's Ability to Respond in a Fire Emergency

FISCAL IMPACT: Discussion and direction only. No immediate fiscal impact.

STRATEGIC PLAN IMPACT: Ensuring Public Safety, Providing Good Governance, and Ensuring Fiscal Solvency.

BACKGROUND: California has been experiencing unprecedented fire disasters over the last five years and PG&E is shutting off power on a regular basis, which is wreaking havoc with businesses, citizens, and local governments. Suisun City has been experiencing extraordinary fire activity within the last year that has seen one building burn down on Main Street and the iconic Athenian Grill on the waterfront nearly burnt down. Fires on the north and west sides of downtown have put homes and residents at high risk on multiple occasions, including a Fire event that Suisun City narrowly avoided within the last few weeks.

So far, Suisun City has been tremendously lucky with regard to fires. CalFire just happened to be driving by the Webster Fire on the west side of the city with 138 firefighters and was able to call in helicopter support right away, otherwise the fire could easily have overwhelmed the city's ability to handle it. Fairfield Fire Department, as well as other surrounding fire agencies, have come to the aid of the Suisun City Fire Department on multiple occasions as most fires of any significance surpass our department's ability to handle.

The FY 2019-20 budget reflected the updated priorities expressed by the Council with particular emphasis on giving the Fire Department the staffing and tools required by California state law to protect and serve Suisun City. The most critical aspect of the FY19-20 budget was addressing the critical need identified by the Fire Department for significant staffing growth to provide the level of service expected by City residents in a manner consistent with best operational practices and State law. Over the last few years, volunteer staffing has significantly declined due to challenges with recruiting and retaining sufficient numbers of qualified volunteers and legal standard changes for volunteer firefighters that bring their training and equipment needs more in line with full-time professional firefighters.

The needs identified by the Fire Department were for a full Engine Company, staffed at 24 hours a day, every day, along with a Fire Inspector. However, since the City did not have the ability to fund a full Engine Company, the City Council directed staff to develop the budget with the following Fire Department staffing enhancements bringing the department up to about a half Engine Company:

- Two Fire Division Chiefs,
- Conversion of existing three Administrative Fire Captains to Operational Captains, and

PREPARED/REVIEWED/APPROVED BY:

Greg Folsom, City Manager

- Three Fire Engineers, and
- One Fire Inspector (Part-time).

The approximate cost of this Council directed request was just under \$1M. To pay for these additional costs, the City had to utilize one-time and limited duration funding sources, curtail vital infrastructure improvements and maintenance, and increase reserves to address anticipated FY 2020-21 expenses. It was identified at the time that, although the FY2019-20 budget is balanced with the Fire Department minimum staffing request, it is only done with one-time funds from the ROPS reimbursement of the Dredging Project funding from the FY 2018-19 General Fund and the Measure S tax revenues. The City Reserves will be adversely affected in the future without significant new revenue sources.

Staff then engaged the services of Management Partners and Robert Leland worked with staff to create a detailed financial model that looked at twenty years of actual revenue and expense data and was able to create a twenty-year financial forecast based on a set of assumptions. The specific assumptions modelled were those included in the budget. The model shows an approximate \$2M annual budget deficit if no changes are made.

The City Council also just completed a Strategic Planning process that has identified the following goals:

1. Revitalize Downtown Waterfront District
2. Develop Sustainable Economy
3. Ensure Public Safety
4. Provide Good Governance
5. Ensure Fiscal Solvency
6. Enhance Environment

It is with these goals in mind, particularly Ensuring Public Safety, Providing Good Governance, and Ensuring Fiscal Solvency that a discussion of maintaining adequate Suisun City service levels, particularly with regards to critical Fire safety needs comes to Council.

STAFF REPORT: The FY 2019-20 budget reflected the updated priorities expressed by the City Council. Previously, the Suisun City Fire Department could only count on having one paid firefighter at the station and everyone else was a volunteer. The current budget will ensure that there will be two paid firefighters on every shift, but even that is insufficient to fight any kind of fire, especially if two or more fire or medical emergency events are happening at the same time—a frequent issue for our Fire Department to date. Additionally, the department will continue to count on volunteers to meet firefighter safety and operational requirements for firefighting, at a significant cost savings for the City. However, the increased staffing for the Fire Department this year was funded based on one-time revenues. Without either increased ongoing revenues or sustained reductions in service, the existing fire safety service levels are unsustainable.

Certain unsustainable steps have already been taken to increase Fire safety services to the minimum requested level this year, such as slashing road maintenance projects beyond SB1 (gas tax) and previously committed local funds; not funding needed city facility maintenance projects

(including fixing leaking roofs); deferring needed technology upgrades that will drive efficiencies in city operations; and eliminating a needed position overseeing Community Development, as well as all Economic Development staff. However, most of these reductions are not sustainable. The longer you defer maintenance, particularly on roads, the more it costs in the future to repair those roads/facilities. Our Pavement Management Plan, which looks at road conditions and provides a “roadmap” for improving road conditions, indicates that the City should be investing \$5M per year into our existing roads in order to maintain their existing overall Pavement Condition Index (PCI). Our current level of investment is about one-tenth of that.

There are few areas in which to cut that will make meaningful impacts on the General Fund. As is well-documented in the Compensation study completed last year, Suisun City employees are generally compensated below comparable cities and, in particular, the City experiences severe challenges in recruiting and retaining qualified staffing in the Police Department. The Police Department is the largest cost center to the General Fund, but maintaining a safe city is a priority of the City Council and the citizens of Suisun City.

Given the unprecedented fire events over the last several years, including this year, it is clear that the City cannot wait to address stable funding for this increasingly critical public service. We must act.

Unfortunately, as the City’s budget currently stands, it cannot provide stable funds to meet the minimum needs of our Fire Department without significant cuts to other critical local services, including police and road repair.

Staff will provide options to Council on additional cost cutting that will entail selling of certain assets in order to avoid ongoing maintenance, and reductions in programs and services. Staff will also provide information to Council on additional revenues from development that are in the pipeline and revenue options and timelines that Council can consider.

RECOMMENDATION: Staff is asking for direction on how to maintain and enhance our ability to respond to the increasing number of fires in our area.