



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



15

June 9, 1987

Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Authorization to Take Necessary Actions for the
Development of a Central Maintenance Facility and
Central Stores Warehouse

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the Housing Authority of
the City of Sacramento.

RECOMMENDATION

The staff recommends adoption of the resolutions authorizing
implementation of the Central Maintenance Facility development.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



June 9, 1987

Housing Authority of
the City of Sacramento
Sacramento, California

Honorable Members in Session:

Subject: Development of a Central Maintenance Facility and
Stores Warehouse

SUMMARY

This report recommends approval of a preliminary plan to purchase and remodel an existing warehouse located at the northeast corner of North 10th and North "B" Streets in the Richards Boulevard area for use as a central maintenance and stores facility. This decision would set aside an earlier decision to construct a new structure at our New Helvetia housing site. Preliminary indications are that the "B" Street alternative would cost approximately \$450,000 less than New Helvetia. Approval of the resolution accompanying this report would authorize the Executive Director to execute an option to purchase the North "B" Street property and take other actions necessary to complete the preliminary design of improvements and obtain a firm financing commitment. A complete purchase, remodeling and financing package would be submitted to the Governing Boards for final approval at a later date.

BACKGROUND

A. NEED FOR A NEW FACILITY

Since 1969 the Agency's housing maintenance and central storage function has utilized leased warehouse/office space in downtown Sacramento near 6th and "S" Streets. Over time the operation has expanded to include three (3) rental structures and two (2) Agency owned lots used for parking; one at 5th and "S" Streets; the other at 6th and "R" Streets. Rent has increased more than five fold from \$1600 per month in 1980 to a current amount of \$8280 per month. The following is a breakdown of current structures and rents:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of
the City of Sacramento
June 9, 1987
Page 2

<u>\$/Sq.Ft.</u>	<u>LOCATION</u>	<u>FLOOR AREA</u>	<u>MONTHLY RENT</u>
\$.51	615 "S" Street	13,500	\$6950
\$.35	677 "S" Street	1,800	\$ 630
\$.26	1817 5th Street	2,700	\$ 700
\$.44?	TOTAL	19,000	\$8280

These figures reflect space rent only. Utilities and site maintenance are not included. In addition to space rent, another cost factor is the implied loss of revenue to the Agency due to the fact that lots used for parking cannot be sold or put to other use. The combined total area of these sites is approximately 10,000 square feet. At an assumed rate of \$.05 per square foot, this loss would be approximately \$500 monthly.

Problems associated with existing facilities are:

- Space is only marginally adequate for current operations.
- There is no room for future growth.
- Operating efficiency is reduced because activities are scattered among three (3) separate sites rather than one.
- There is no outside fenced storage area for equipment.
- Rental costs have increased dramatically over the years and, in all probability, will continue to do so.

Prior to recommending construction of a new facility at our New Helvetia site, staff considered numerous alternative sites throughout Sacramento County and eliminated several major commercial/warehouses areas because of the distance to existing housing stock (e.g., Power Inn Road, Rancho Cordova, and Northgate Boulevard areas). The areas of: 1) 5th Street south of Broadway; 2) Richards Boulevard area (near Dos Rios Street); and 3) Commerce Circle/Woodlake area were given further consideration. However, staff research in these three areas did not result in any definite site, either for construction of a new facility or the lease of an existing facility. Facilities were either too costly to remodel to our specifications, had inadequate parking, or the developer was unable to proceed with the project when another lessee failed to contract for most of the space in the new facility to be constructed.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of
the City of Sacramento
June 9, 1987
Page 3

B. PROPOSAL TO CONSTRUCT A NEW MAINTENANCE/STORES FACILITY AT NEW HELVETIA

On September 10, 1986, the Governing Boards approved a staff recommendation to construct a new 26,500 square foot facility on a vacant portion of our New Helvetia public housing site. This recommendation was based largely on a determination by staff, based on numerous contacts with real estate professionals, that alternative sites containing both a suitable structure and enough vacant land for parking and storage were not readily available at that time. The New Helvetia site was selected in order to minimize total project cost by eliminating the necessity to purchase land for the new facility. However, because it is located in a residential area which is subject to architectural design review by the City, land use approval for the project has been conditioned upon the addition of aesthetic design features that significantly increase cost. The most costly additional items are the requirement for a masonry wall surrounding the property and a decorative street front design. Based on a December 8, 1986 professional estimate, the total development cost for the New Helvetia site, excluding financing and development costs is \$2,109,559 or \$79.61 per square foot. Attachment A is a summary of the cost estimate.

While staff was preparing the request for proposals for the New Helvetia site, the Agency became aware of an available commercial site on North "B" Street, in the Richards Boulevard area of downtown Sacramento. A location map and general property description is included as Attachment B. The site appears to be suited to meet our needs. It is the only parcel that staff has seen that had sufficient vacant land in addition to the building area.

Based on a preliminary cost estimate, the North "B" Street site could be purchased and fully rehabilitated for an approximate cost of \$70.00 per square foot, excluding financing and development costs. This is approximately \$9.00 per square foot less than New Helvetia (see Attachment A). This savings plus the fact that the North "B" Street structure would be approximately 15% smaller than New Helvetia results in a projected cost saving of approximately \$450,000 for the project overall. Another advantage of the North "B" Street site is that it has more value to the Agency as an asset. Because it is not attached to the New Helvetia parcel it could conceivably be sold or put to other uses in the future if need be. For these reasons staff is recommending that the alternative of purchasing and rehabilitating the North "B" Street site be more fully explored as described below.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of
the City of Sacramento

June 9, 1987

Page 4

C. RECOMMENDED MAINTENANCE FACILITY DEVELOPMENT PLAN

The recommended development plan consists of two (2) phases: (1) Project Development, and (2) Construction. Attachment "C" is a time schedule for completion of the project. The anticipated move-in date is January 1989. Approval of the resolution attached to this staff report would authorize the Executive Director to execute an option to purchase the North "B" Street property and take other actions necessary to complete the project development phase which is further described below. If the project is determined to be feasible, staff will come back to you with a separate request to proceed with financing and construction.

Project Development Phase: The objective of the project development phase is to complete design of the project to a point where costs can be estimated in detail and a firm financing commitment obtained. This involves exercising an option to purchase the property for an agreed upon price and completing schematic drawings and cost estimates as further discussed below.

1. Option to Purchase: Agency staff working with the County Department of Real Estate has negotiated a six (6) months option to purchase the North "B" Street property for \$653,000. The cost of the option is \$1,000, which would be subtracted from the purchase price if the Agency decides to purchase the property. A copy of the option and purchase agreement is included as Attachment D to this report.

The purchase price is approximately eleven percent (11%) higher than the appraised value determined by the County Department of Real Estate on January 12, 1987 using the cost approach to value. This price is justified for the following reasons:

- a. The purchase will not actually take place until more than one (1) year after the date of the appraisal during which time property values are likely to escalate.
- b. The extra amount compensates the owner for keeping the property off the market during the time we are finalizing our plans. The owner receives this compensation only if a sale actually takes place. The low option price, on the other hand, is advantageous to the Agency because it minimizes our loss in the event the project is cancelled.
- c. By providing access to the property to complete plans and by allowing the Agency, within limits, to specify the exact date of purchase, the option will minimize our construction period financing and other carrying costs thus contributing to overall project savings.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of
the City of Sacramento
June 9, 1987
Page 5

- d. As explained above, the property is ideally suited to the Agency's needs. It is centrally located and close to one of our largest housing complexes. There appear to be substantial cost savings compared to the alternative of constructing a new building at New Helvetia. Pursuing any other alternative would almost certainly cost more than the above difference.

Facility Design: Agency staff has been working with an architect selected from a list previously approved and established for our public housing rehabilitation program to evaluate the existing structure and relate it to design specifications developed for the New Helvetia site. Completion of the preliminary design will require preparation of schematic drawings in consultation with Agency staff, the City Planning and Building Departments and others. Upon completion of schematics we would obtain a construction cost estimate and negotiate a long and short term financing commitment from a private lender.

The plan is to retain Madsen and Flathmann to complete schematic drawings for the project and, if it is approved, to prepare final drawings and monitor construction. The estimated total cost of architectural services for a project of this type is approximately ten percent (10%) of construction cost or \$100,000 of which approximately \$16,000 is attributable to the schematic design phase. Because the total contract amount could potentially exceed the \$20,000 maximum that can be approved by the Executive Director, authorization to execute the contract is required.

FINANCIAL DATA

The estimated cost of proceeding with the North "B" project to a point where a final feasibility can be determined is \$24,000 distributed as follows:

County Real Estate Department (Property appraisal, title report, purchase negotiations, etc.)	\$ 4,000
Construction Cost Estimating Fees	\$ 3,000
Architectural Consultant (for preparation of schematic drawings)	\$16,000
Land Purchase Option	\$ 1,000
TOTAL	\$24,000

These costs have not previously been budgeted, therefore, a budget amendment is required to increase the City Conventional Housing Capital Improvements budget (cost center A00980) by \$24,000. If the project is approved, this amount would be included in total project cost covered by long term project financing. If the project cost is not approved these expenditures would constitute an approximately four percent (4%) drain on housing reserve fund balances.

ENVIRONMENTAL DATA

The City of Sacramento will be the lead environmental review agency for this project which would be processed through its normal environmental procedures for construction projects. No additional environmental review of the actions covered by this staff report is required.

POLICY IMPLICATIONS

The actions proposed in this staff report would supersede the earlier decision to construct a new maintenance facility at our New Helvetia housing site.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of June 1, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

The staff recommends that the Executive Director be authorized to proceed with the following with respect to the proposal to purchase and rehabilitate the North "B" Street property for use as a central maintenance facility and stores warehouse:

- 1) execute the attached six (6) months option to purchase the property,
- 2) execute a contract with the firm of Madsen and Flathmann to provide architectural services for the project,
- 3) increase the City Conventional Housing Capital Improvements budget by \$24,000 to cover preliminary design and related costs,

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of
the City of Sacramento

June 9, 1987

Page 7

- 4) prepare a financing plan for financing of the project,
- 5) take other necessary and appropriate actions to determine the feasibility of undertaking the above project and prepare a report back to the Authority.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

Contact Person: Leo Goto, 440-1320

WHE/KF/kld

0684M

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ON DATE OF

DEVELOPMENT OF A CENTRAL MAINTENANCE FACILITY AND CENTRAL STORES WAREHOUSE

WHEREAS, existing leased Central Storage and Housing Maintenance Facilities are inadequate; and

WHEREAS, long range cost savings will result if the Authority owned such facilities; and

WHEREAS, the Authority is interested in exploring the feasibility of purchasing and remodeling an existing warehouse located at the Northeast corner of North 12th and North B Streets, Sacramento, for the purpose of developing a new Central Maintenance Facility (the "Facility").

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to take the following actions relating to the Facility:

- (a) Execute the option agreement between the Authority and Propco as shown on Exhibit "A" attached to this resolution.
- (b) Execute an agreement between the Authority and Madsen and Flathmann for the purpose of obtaining schematic drawings of the Facility. The costs for such agreement shall not exceed \$16,000.
- (c) Transfer \$24,000 from the Emergency Reserve Fund to cost center A00980 for the purpose of increasing the City Conventional Housing Improvements budget.
- (d) Negotiate the terms for financing the Facility and prepare a financing plan based upon the best terms available.

Section 2: The Executive Director is further authorized to take any other necessary and appropriate actions relating to the feasibility of the Facility.

Section 3: The Executive Director is directed to prepare a report for the Authority regarding the status of the Facility.

CHAIR

ATTEST:

SECRETARY

0891L

COMPARATIVE COST ESTIMATE

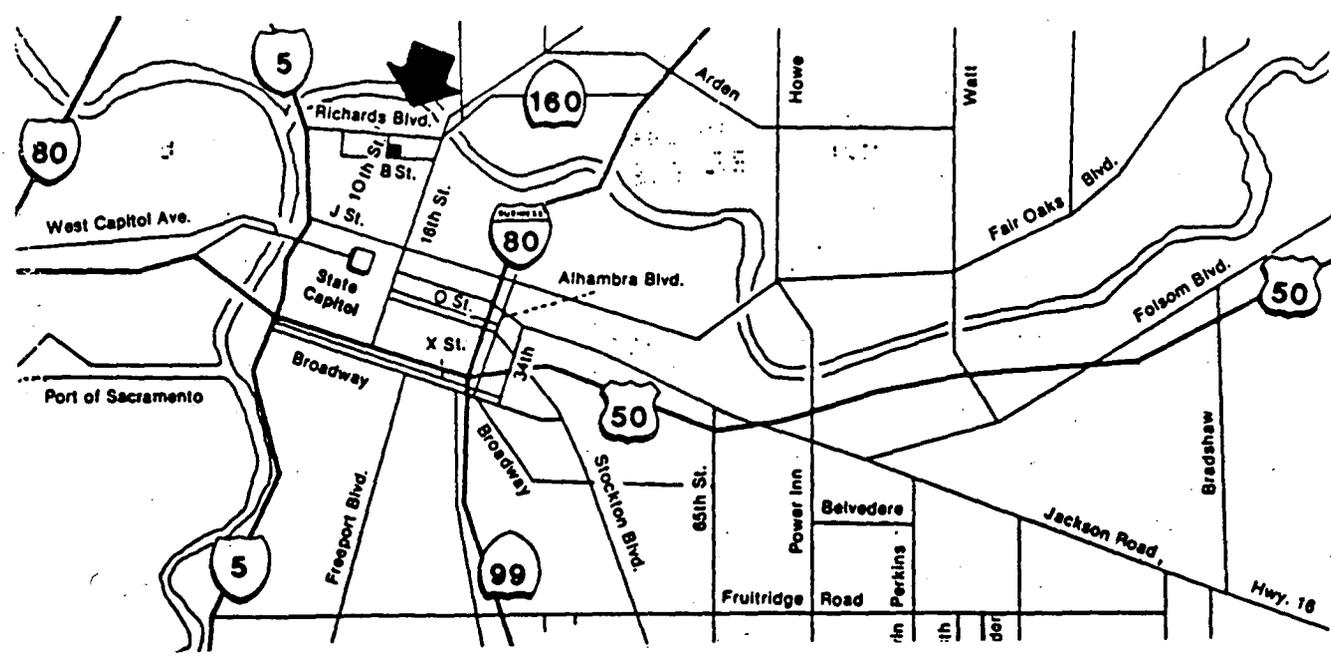
SHRA CENTRAL SERVICE AND MAINTENANCE FACILITY
SACRAMENTO, CALIFORNIA
LSI #9669A

DESCRIPTION	EXIST. INDUSTRIAL BLDG 1005 NO. B ST. SACRAMENTO, CA. 22,720 SF		NEW INDUSTRIAL BLDG. MUIR WAY SACRAMENTO, CA 26,500 SF	
	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
DEMOLITION	2.60	59,072	0.55	14,575
SITWORK	4.07	92,470	12.97	343,705
SUBSTRUCTURE	0.00	0	3.21	85,065
STRUCTURE	0.00	0	4.06	107,590
ENCLOSURE, VERTICAL	0.60	13,632	13.02	345,030
ENCLOSURE, HORIZONTAL	2.45	55,664	2.45	64,925
SUPPORT ITEMS	1.51	34,307	3.00	79,500
INTERNALS, VERTICAL	4.10	93,152	4.07	107,855
INTERNALS, HORIZONTAL	2.75	62,480	2.71	71,815
FINISHES, SPECIAL	0.75	17,040	0.72	19,080
INTERIORS	0.60	13,632	0.59	15,635
SPECIALTIES	0.25	5,680	0.23	6,095
EQUIPMENT	0.00	0	0.66	17,490
SPECIAL CONSTRUCTION	0.00	0	0.00	0
CONVEYING	0.00	0	0.00	0
PLUMBING & FIRE PROT.	5.60	127,232	4.70	124,550
H.V.A.C.	5.40	122,688	5.40	143,100
ELECTRICAL	5.85	132,912	7.45	197,425
SUBTOTAL	36.53	829,961	65.79	1,743,435
GENERAL CONDITIONS 6%	2.19	49,798	3.95	104,606
CONTINGENCY 10%	3.65	82,996	6.58	174,345
GEORGRAPHICAL DIFFER. -5%	(1.83)	(41,498)	(3.29)	(87,172)
OH, PROFIT & BOND 10%	3.65	82,996	6.58	174,345
TOTAL	44.19	1,004,253	79.61	2,109,559
SITE ACQUISITION	28.24	653,000	-0-	-0-
	72.93	1,657,253	79.61	2,109,559

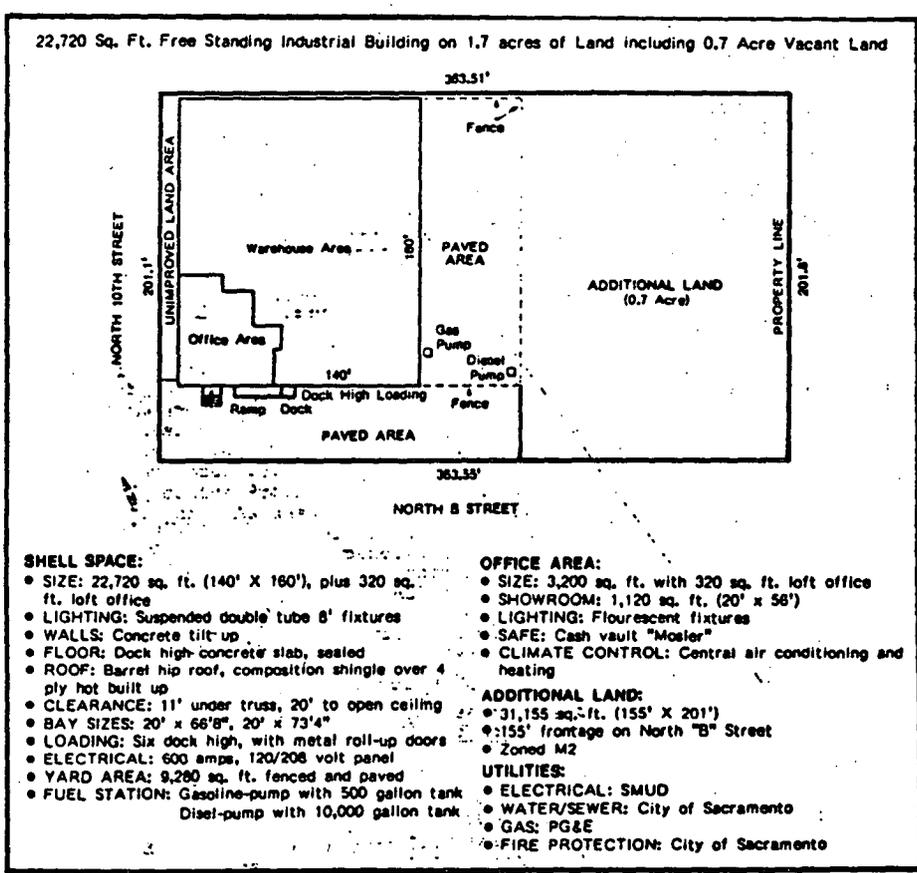
Richards Industrial Tract

1005 North B St.

LOCATION MAP



SITE PLAN



REPORTING PERIOD: 1 2 3
 DEPARTMENT: Special Projects
 DIVISION: Evaluation and Legislative Analysis
 PROJECT MANAGER/Ext: Kurt Findeisen, Ext. 1313
 ESTIMATED DATES: Begin to End
 ORIGINAL: 6/8/87 to 1/1/89
 REVISED:

WORK PROJECT TITLE: Central Maintenance and Stores Facility Acquisition and Remodeling
 DIVISION OBJECTIVE #:

DESCRIPTIVE SUMMARY: Acquire an existing warehouse located at the northeast corner at North B and North 10th Streets in the Richards Boulevard area and convert it for use as central housing maintenance facility and central stores warehouse.

PHASE No.	Title	MILESTONES		RSP. DIV.	STATUS*	
		Orig.	Rev.		C	D

*Check appropriate one: C = Completed D = Delayed A = Accelerated
 (NOTE: Explain any delay or acceleration in remarks)

1.	Preliminary Design	6/15	Execute architectural services contract	Evaluation		
		9/1	Prepare preliminary working drawings			
		9/15	Obtain construction cost estimate			
2.	Financing Plan Preparation	10/15	Determine most advantageous means for construction and long-term financing. Obtain a preliminary commitment from a lender.	Economic Development		
3.	Final Project Approval	12/15	Prepare Report and Recommendation to Governing Bodies; exercise purchase option; determine exact move out date; adjust leases for existing spaces accordingly.	Evaluation		
4.	Construction	4/15/88	Prepare final drawings and construction bidding documents.	Evaluation		
		7/15	Prepare and publish construction RFP			
		8/1	Execute agreement for financing		(Finance)	
		8/15	Award construction contract. Take possession of the property. Issue notice to proceed.			
		12/1	Complete construction.			
5.	Move In	1/1/89	Terminate existing leases. Move to new facility.	Central Services		

OFFICIAL DOCUMENT

Entitled to free recording per
Government Code section 6103

Recording requested by and when
recorded mail to:

Sacramento Housing and Redevelopment Agency
630 I Street
Sacramento, CA 95814
Attention: Legal Department

OPTION AGREEMENT

This Agreement is made this _____th day
of _____ 1987, at Sacramento, California by PROPCO, a
California partnership ("Seller") and the Housing Authority of
the City of Sacramento, a public body, corporate and public
("Buyer").

WHEREAS, Seller is the owner of certain real property
("Property") situated in the City and County of Sacramento, State
of California and more particularly described in Exhibit A
attached and incorporated herein by reference; and

WHEREAS, Buyers desire to acquire the exclusive right to
purchase, without becoming obligated to purchase, the Property at
an agreed price and under specified terms and conditions;

NOW, THEREFORE, it is agreed as follows:

1. Seller hereby grants to Buyer the exclusive right
to purchase the Property at a price and under the terms and
conditions set forth in the Purchase and Sale Agreement Exhibit B
attached and incorporated herein by reference. Notwithstanding
such exclusive right, Seller has the right to transfer and assign
the Property to Alan J. Jewell, who shall then be deemed the
"Seller". Further, if this Option is exercised, Seller reserves
the right to transfer and sell the Property to a Third Party
solely for the purpose of effecting a tax-deferred exchange under
Section 1031 of the 1986 Internal Revenue Code. If Seller elects
to exchange the Property under Section 1031, Buyer agrees to take
all reasonable steps necessary to effectuate a tax-deferred
exchange.

2. This option shall commence on the day and year first above written and continue for a period of six calendar months, terminating at 5:00 p.m. on the last day of the sixth month of the option period.

3. Upon execution of this option, Seller shall immediately apply for and within three months of the commencement date of this option obtain, permits to operate underground storage tanks located on the premises from the Sacramento County Health Department.

4. This option is granted in consideration of Buyer's payment to Seller of the sum of ONE THOUSAND DOLLARS (\$1,000.00) receipt of which is hereby acknowledged.

5. If this option is exercised in accordance with its terms, then the consideration paid for this option to Seller by Buyer shall apply in full to the purchase price for the Property.

6. In the event this option is not exercised, all sums paid to Seller by Buyer under this Option Agreement shall be retained by Seller in consideration of the granting of this option, except that if the option is not exercised or the purchase of the property not completed as a result of any acts or omissions of Seller, including the failure to satisfy the conditions of the Purchase and Sale agreement for the property, then Seller shall immediately return all of said sums to Buyer.

7. Buyer may exercise this option by execution and tender to Seller of the Purchase and Sale Agreement attached as Exhibit B.

8. If Buyer fails to exercise this option in accordance with its terms and within the option period, then this option and the rights of Buyer shall and immediately terminate without notice. Thereafter, Buyer shall properly execute, acknowledge, and deliver to Seller within thirty (30) days of request therefor, a release, quitclaim deed, or any other document required by Seller or title insurance company to verify the termination of this Agreement.

9. If Buyer exercises this option, Seller shall have the right to name a date for close of escrow for the sale of the property which is not more than eight (8) months from the date of Buyer's exercise of this option. During such escrow period,

Seller shall not commit or permit waste on the Property; alter, modify or construct any improvements on the Property; or permit occupancy or grant any use of tenancy of the Property to any other person or entity.

10. Unless otherwise provided herein, any notice, tender or delivery to be given hereunder by either party to the other may be effected by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated as of five days from mailing. Mailed notices shall be addressed as set forth in the Purchase and Sale Agreement, Exhibit B, but each party may change his address by written notice in accordance with this paragraph.

11. This instrument contains the entire Agreement between the parties relating to the option herein granted. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged.

12. In the event of any controversy, claim, or dispute between the parties, arising out of or relating to this Agreement, the prevailing party shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorney's fees whether or not litigation is commenced.

13. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties except as expressly provided otherwise.

State of California)
) ss.
County of Sacramento)

On this _____ day of _____, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared William H. Edgar, known to me to be the Executive Director of the Housing Authority of the City of Sacramento, a public body, corporate and politic, that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said Agency, and acknowledged to me that such Agency executed the same pursuant to a resolution of the Members thereof.

WITNESS by hand and official seal.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

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

The Portion of the block bounded by North "B" Street and North "C" Street, and 10th Street and 11th Street (now abandoned), according to the plan of the City of Sacramento, described as follows:

BEGINNING at a point in the centerline of 10th Street, where the same is intersected by the Northerly line of North "B" Street, as said Streets are shown on the official map of Sacramento City, laying between 10th and 25th Streets, "A" Street and the American River, Recorded April 24, 1850 in Book 1 of Maps, Map No. 8, Records of said County; thence from said point of beginning, South 71° East, along the Northerly line of said North "B" Street, 403.55 feet to a point on the centerline of 11th Street (now abandoned); thence North 19° 07' East along the centerline of said 11th Street 201.88 feet to a point on the Southerly line of that certain parcel granted to Norman W. Edwards, et al, by deed recorded December 28, 1961, in Book 4366, page 677, Official Records; thence along said Southerly line of Edwards parcel and the Westerly prolongation of said Southerly line, North 70° 59' 43" West 403.51 feet to a point on the centerline of said 10th Street; thence along the centerline of 10th Street, South 19° 07' West 201.10 feet to the point of beginning. (APN 01-112-29)

0620M/WPP760(L)

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

The Housing Authority of the City of Sacramento, a public body, corporate and politic, ("Buyer"), agrees to purchase from PROPCO, a California partnership ("Seller") and Seller agrees to sell to Buyer the real property ("Property") described in Exhibit A attached and incorporated by reference, upon the following terms and conditions:

1. Purchase Price. The total Purchase Price shall be the sum of SIX HUNDRED FIFTY-THREE THOUSAND AND NO/100 DOLLARS (\$653,000.00), which sum is full consideration and compensation for the property, payable as follows:
 - 1.1 The sum of ONE THOUSAND DOLLARS AND NO/100 (\$1,000.00) paid by Buyer to Seller as the option price for the Property is credited towards the Purchase Price, receipt of which is acknowledged by Seller.
 - 1.2 The further sum of SIX HUNDRED FIFTY-TWO THOUSAND AND NO/100 DOLLARS (\$652,000.00) is payable upon close of escrow.
2. Escrow. Buyer and Seller shall open an escrow ("Escrow") to consummate the sale of the Property under this Agreement. The Escrow shall close on or before 5:00 p.m. on _____. Seller authorizes Buyer to select a title company as escrow holder ("Escrow Holder") and to prepare escrow instructions for delivery to the Escrow Holder. The Escrow shall be subject to the following:
 - 2.1 The close of the Escrow and Buyer's obligation to purchase the Property are subject to the following conditions precedent:
 - 2.1.1 The conveyance to Buyer of good and marketable title to the Property, as evidenced by a standard form A.L.T.A. title insurance policy in the amount of the purchase price issued by Escrow Holder, free and clear of all liens and encumbrances except the following:

EXHIBIT B

- .1 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.
 - .2 Rights of the public over that portion of the herein described property that lies within North "B" Street and 10th Street.
 - .3 An easement with the right of entry to repair, maintain and construct sewer, water and gas pipes and aerial or underground power, telephone, and other communication facilities now in place or which from time to time may be placed thereon, as reserved in the Resolution of Abandonment #12,861, dated March 24, 1954, recorded March 25, 1954 in Book 2575, page 402, Official Records. Affects the East 40 feet.
- 2.1.2 Seller shall deposit in escrow current permits, to operate underground storage tanks, issued by Sacramento County Health Department, Environment Health Branch, and any other such permits or licenses which are required by law.
 - 2.1.3 Delivery of possession of the Property to Buyer immediately on close of escrow, free and clear of all uses and occupancies except as Buyer has expressly approved in writing prior to the close of escrow.
- 2.2 Should any of the conditions precedent to close of escrow fail to occur prior to the time scheduled for close of escrow, Buyer shall have the right and power exercisable after written notice to Seller and Escrow Holder, to terminate this Agreement, cancel the Escrow and recover immediately, from Seller and Escrow Holder any and all sums paid to them by Buyer on account of this Agreement, or otherwise, for the Property. Buyer's exercise of such power is not a waiver of any rights he may have arising from breach of this Agreement. Escrow Holder is hereby irrevocably instructed by Seller on any such failure of conditions and receipt of such notice from Buyer, to immediately refund to Buyer all moneys and instruments deposited by Buyer in Escrow pursuant to this Agreement.

EXHIBIT "B"

3. Prorations and Payments.

There shall be prorated between Seller and Buyer on the basis of a thirty (30) day month as of the close of Escrow, the following:

- 3.1 Any taxes which are due but not paid at the closing of escrow shall be prorated in the customary manner as of the date of closing. Should taxes have been paid prior to the closing of Escrow, there shall be no proration of the taxes and it shall be the responsibility of the Seller to apply for a tax refund in the normal manner, through the office of the Tax Collector of the County of Sacramento.
- 3.2 Any assessments, as well as notes and/or deeds of trust, shall be paid in full by the Seller.
- 3.3 Title insurance premium, recording fees and other Escrow expenses shall be borne by Buyer, except for any expenses related to any liens, encumbrances and assessments, which shall be borne by Seller.
4. Delivery of Deed. A Grant Deed conveying the real property to Buyer will be executed and delivered to the representative of Buyer who has signed this agreement, in trust, as agent for Seller for the sole purpose of depositing said Deed in Escrow, or at Buyer's direction, Seller shall deposit said Deed directly in Escrow.
5. Real Estate Commissions. If any real estate commissions are payable on this transaction, the commissions shall be fully paid by Seller.
6. Risk of Loss. Should any of the improvements on said property be destroyed or substantially damaged prior to the close of Escrow as herein provided, Buyer shall have the power, exercisable by the giving of written notice by him to the Escrow Holder and to Seller, to cancel the Escrow, terminate this Agreement, and recover any and all amounts paid to Seller or to the Escrow Holder on account of the Purchase Price for the Property. Any such improvement on the Property shall be deemed substantially damaged for the purpose of this section if the cost of restoring such improvement to its condition as of the date of this Contract exceeds twenty-five percent (25%) of the Purchase Price of said Property as provided in this Contract.

EXHIBIT "B"

7. General Provisions

7.1 Any notice, demand, request, consent or approval that either party desires or is required to give the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

Buyer

Housing Authority of
the City of Sacramento
P.O. Box 1834
Sacramento, CA
Attention: Legal Department

Seller

PROPCO
1005 North B Street
Sacramento, CA

7.2 In the event of a default hereunder and the necessity of litigation to enforce any provision of this agreement, the non-prevailing party in any litigation arising therefrom shall pay, in addition to any other damages awarded to the prevailing party therein, a reasonable sum as attorney fees and costs as shall be established by the court.

7.3 It is agreed between Buyer and Seller that this agreement constitutes the full agreement by and between the parties that no other representations have been made regarding the contents of this Agreement.

7.4 This Agreement shall not be amended, modified, or altered in any respect without such amendment, modification or alteration being reduced to writing and executed by the parties.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE CITY
OF SACRAMENTO

Agency Counsel

By _____
WILLIAM H. EDGAR
Executive Director

Organization: _____
Account Number: _____
Cost Center: _____

PROPCO, a California Partnership

APPROVED:

Finance Department

By _____

APPROVED:

Organization

EXHIBIT "B"

EXHIBIT A

LEGAL DESCRIPTION

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

The Portion of the block bounded by North "B" Street and North "C" Street, and 10th Street and 11th Street (now abandoned), according to the plan of the City of Sacramento, described as follows:

BEGINNING at a point in the centerline of 10th Street, where the same is intersected by the Northerly line of North "B" Street, as said Streets are shown on the official map of Sacramento City, laying between 10th and 25th Streets, "A" Street and the American River, Recorded April 24, 1850 in Book 1 of Maps, Map No. 8, Records of said County; thence from said point of beginning, South 71° East, along the Northerly line of said North "B" Street, 403.55 feet to a point on the centerline of 11th Street (now abandoned); thence North 19° 07' East along the centerline of said 11th Street 201.88 feet to a point on the Southerly line of that certain parcel granted to Norman W. Edwards, et al, by deed recorded December 28, 1961, in Book 4366, page 677, Official Records; thence along said Southerly line of Edwards parcel and the Westerly prolongation of said Southerly line, North 70° 59' 43" West 403.51 feet to a point on the centerline of said 10th Street; thence along the centerline of 10th Street, South 19° 07' West 201.10 feet to the point of beginning. (APN 01-112-29)

0620M/WPP760(L)

EXHIBIT "R"