

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

(±20.45 acres at the southeast corner of Elk Grove Boulevard and Big Horn Boulevard)

This Purchase and Sale Agreement and Joint Escrow Instructions (“**Agreement**”) is made _____, 2025 by and between the **City of Elk Grove**, a California municipal corporation (“**SELLER**” or “**City**”) and **CenterCal Acquisitions, LLC**, a Delaware corporation (“**PURCHASER**” or “**Developer**”). SELLER and PURCHASER are hereafter referred to individually as a “**Party**” or, collectively, as the “**Parties.**”

RECITALS

A. SELLER is the owner of certain real property consisting of an approximately 20.45-acre parcel of unimproved land located at the southeast corner of Elk Grove Boulevard and Big Horn Boulevard, identified as APN 132-2110-004-0000, in the City of Elk Gove, County of Sacramento (the “**County**”), California, with a situs address of 9697 Johnston Road, as legally described in **Exhibit A**, Legal Description of City Property, attached hereto and incorporated herein (the “**Property**”).

B. SELLER and PURCHASER entered into a “**Letter of Intent**” dated April 15, 2024, and signed May 1, 2024, which outlines key terms for the sale and development of the Property.

C. City desires to sell and Developer desires to purchase the Property for construction of a proposed retail mixed-use development project as generally depicted on the Conceptual Project Site Plan attached as **Exhibit B** hereto and incorporated by reference herein, and which shall consist of (i) not less than 100,000 SF of retail (generally including but not limited to apparel, specialty retail, general retail, dining and entertainment, and service businesses) and not less than 10,000 square feet of second-floor office or residential or a combination thereof (or other non-office or non-residential second-floor uses to be substituted for the office or residential subject to the City’s approval, which approval shall not be unreasonably withheld) (“**Retail Project**,” and the portion of the Property upon which the Retail Project sits, the “**Retail Property**”), (ii) a hotel with not less than 100 hotel keys (defined as hotel rooms or suites; each room or suite will count as one key) with a STR North American Chain Scale rating definition of “upscale” hotel, “boutique” hotel, “lifestyle-brand” hotel, or “soft-brand” hotel, or higher (“**Hotel Project**,” and the portion of the Property upon which the Hotel Project sits, the “**Hotel Property**”), and (iii) all related on-site, and required off-site improvements, if any, such as landscaped areas, parking, sidewalks, and roads (the Hotel Project together with the Retail Project, the “**Proposed Project**”). The Purchaser shall use reasonable efforts to provide a retail tenancy merchandising mix generally similar to Purchaser’s 2ND & PCH in Long Beach, CA, Bay Street in Emeryville, CA, The Village At Totem Lake in Kirkland, WA, and The Village At Meridian in Meridian, ID projects, and use reasonable efforts to operate and maintain the Proposed Project in a similar manner to such. City acknowledges that actual tenancy shall be subject to Developer’s commercially reasonable efforts, prevailing market demands and conditions, capital market fluctuations, construction cost variations, and other factors beyond the reasonable control of Developer. The architectural design and landscape quality of the Proposed Project shall be similar to that illustrated in the Conceptual Project Renderings attached as **Exhibit C**.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and for other good and valuable consideration moving between the Parties, SELLER and PURCHASER agree as follows:

AGREEMENT

1. Sale of Property. SELLER agrees to sell and convey the Property to PURCHASER and PURCHASER agrees to purchase the Property from SELLER and use commercially reasonable efforts to develop the Proposed Project as defined herein subject to the terms and conditions set forth in this Agreement. The Property means, collectively, all right, title and interest of SELLER in and to (a) the land described on **Exhibit A** (the "**Land**"), (b) easements, rights of way and all other rights and entitlements appurtenant to the Land, (c) any buildings or other improvements and fixtures remaining on the Land at the Close of Escrow, (d) any tangible personal property remaining on the Land at the Close of Escrow, and (e) any development rights, entitlements, governmental permits, licenses, certificates, other governmental approvals, maps, surveys, reports, studies, plans, warranties, guarantees, causes of action, permits, and mineral and water rights.

2. Purchase Price and Deposit.

2.1 Purchase Price. The "**Purchase Price**" to be paid by PURCHASER to SELLER for the Property shall be Four Million Dollars (\$4,000,000.00).

2.2 Additional Consideration. At the Close of Escrow, PURCHASER shall enter into a Public Improvement Agreement ("**PIA**"), using the City's standard form, such form to be negotiated and mutually agreed upon at the reasonable discretion of the parties, wherein such form PURCHASER agrees to construct certain public improvements if such public improvements are required by the City as a condition of approval of the Proposed Project entitlements, and which obligations will be secured by the PURCHASER. Such improvements shall be agreed upon as the Proposed Project is finalized through the planning process.

2.3 Deposit. Within five (5) business days after the full execution of this Agreement (the "**Effective Date**"), PURCHASER shall deposit with Escrow Holder, defined below, the sum of Two Hundred Thousand (\$200,000) (the "**Deposit**") which shall be placed in an interest-bearing account at PURCHASER's election. The Deposit shall be fully refundable during and until the expiration of the Determination Period defined below in Section 7. Subject to Section 4, Closing and Option to Extend, the Deposit shall become non-refundable to PURCHASER as of the expiration of the Determination Period if PURCHASER elects to proceed with the transaction and, at such time, the Deposit shall be credited to the Purchase Price at Closing; provided, however, that said amount shall be fully refundable to PURCHASER in the event (a) of any default by SELLER hereunder or the failure of a condition precedent to Closing within SELLER's control, (b) that, despite PURCHASER's diligent pursuit of Entitlement Contingencies, as defined below, PURCHASER is unable to achieve satisfaction of the Entitlement Contingencies, (c) that PURCHASER is unable to obtain financing for the Proposed Project, or (d) notwithstanding anything to the contrary contained in this Agreement, if this Agreement is terminated or the Closing does not occur for any reason other than due to a default by PURCHASER hereunder. PURCHASER is obligated hereunder to use commercially reasonable efforts to diligently pursue the Entitlement Contingencies, financing for the Proposed Project, and commencement and completion of construction of the Proposed Project.

2.4 Immediately upon Escrow Holder's receipt of the Deposit (and if applicable, any Option Payment), Escrow Holder shall invest the Deposit (and if applicable, any Option Payment) in (i) obligations of the United States government, its agencies or independent departments; (ii) certificates of deposit issued by a banking institution reasonably approved by PURCHASER; or (iii) an interest-bearing account of a banking institution reasonably approved by PURCHASER and SELLER. No investment of the Deposit (and if applicable, any Option Payment) shall have a maturity date beyond the Closing Date. Any interest earned on the Deposit (and if applicable, any Option Payment) shall be credited and delivered to the Party receiving the Deposit (or if applicable, any Option Payment); provided that at the Closing, PURCHASER shall be entitled to a credit against the Purchase Price for any such interest.

3. Escrow. SELLER has opened escrow no. FSSE-0102500723 (the "**Escrow**") with Paul Avila, Commercial Escrow Officer, AVP, at Fidelity National Title Company, 8525 Madison Avenue, Suite 110, Fair Oaks, California 95628 (the "**Escrow Holder**"). Upon execution of this Agreement, City shall deliver a copy of this fully executed Agreement to Escrow Holder. This Agreement shall, to the extent possible, act as Escrow instructions. The Parties agree to execute all further Escrow instructions reasonably required by Escrow Holder, which further instructions shall be consistent with this Agreement and approved by the Parties.

4. Closing and Option to Extend.

4.1 Closing Date. This transaction and escrow shall close on the Property (the "**Closing**"), if at all, on the date (the "**Closing Date**") which is thirty (30) calendar days after the expiration of the Determination Period, defined below, and satisfaction or waiver of all required conditions and Entitlement Contingencies, defined below, except in the case the Closing Date is extended as allowed under Section 4.2.

4.2 Option to Extend Closing Date. PURCHASER may seek up to five (5) options to extend the Closing Date by one (1) year extension periods (each singularly or severally referred to as an "**Option to Extend**") upon the conditions set forth herein and subject to the payments set forth herein; provided PURCHASER, upon ten (10) calendar days prior written notice to SELLER, may elect to have the Closing occur upon a time and date set forth in such notice to SELLER. PURCHASER shall provide SELLER not less than twenty (20) calendar days advance written notice of its intent to exercise the first Option to Extend and seventy-five (75) calendar days advance written notice of its intent to exercise each subsequent Option to Extend and shall concurrently tender the applicable Option Payment to Escrow Holder. So long as PURCHASER is using commercially reasonable and diligent efforts to cause the commencement of construction of the Proposed Project, PURCHASER shall have a unilateral right to exercise its Option to Extend for years one and two. PURCHASER shall deposit with Escrow Holder a non-refundable (except as expressly provided in this Agreement) Option Payment of One Hundred Thousand Dollars (\$100,000) for each of the first two Options to Extend for each one-year extension. Should PURCHASER desire further extensions beyond the first two Options to Extend, PURCHASER may request such further Option to Extend from SELLER which Option to Extend shall be subject to approval or denial by SELLER, all at SELLER's reasonable discretion, it being understood and agreed that SELLER may not withhold its approval of an Option to Extend so long as PURCHASER is using diligent efforts in a commercially reasonable manner to cause the commencement of construction of the Proposed Project, all as determined by SELLER in its reasonable discretion. In no event shall SELLER be required to approve PURCHASER's Option to Extend in years three, four, or five if PURCHASER has not submitted a development application to the City and is not diligently pursuing in a commercially reasonable manner the commencement of the construction of the Proposed Project, including, seeking entitlements and or financing. Upon SELLER's

express written approval of an Option to Extend for year three, four, or five, if at all, PURCHASER shall deposit with Escrow Holder a non-refundable (except as expressly provided in this Agreement) Option Payment of Three Hundred Thousand Dollars (\$300,000) for a year three Option to Extend, Four Hundred Thousand Dollars (\$400,000) for a year four Option to Extend, and Five Hundred Thousand Dollars (\$500,000) for a year five Option to Extend. In the case of a denial of any Option to Extend by SELLER, the PURCHASER shall have the right upon written notice to SELLER to elect for the Closing Date within one hundred twenty (120) days from receipt of SELLER's denial. Each payment made by PURCHASER to exercise an Option to Extend shall be referred herein individually as an "Option Payment," and if more than one Option Payment is made, collectively the "Option Payments." Any Option Payments made hereunder and the interest earned thereon shall be applicable to the Purchase Price at Closing. Should Closing not occur, the Option Payments and the interest earned thereon shall be retained by SELLER or returned to PURCHASER in accordance with the applicable terms of this Agreement.

4.3 Commencement and Substantial Completion of the Retail Project and Hotel Project.

4.3.1 Should PURCHASER, subject to extensions to account for "**Force Majeure Delays**" (defined as any delays caused by the following: natural disasters such as earthquakes and floods, war such as invasion or acts of terrorism, environmental events such as pandemics, industrial or labor actions such as strikes, utility failures such as widespread power outages, governmental actions that were not reasonably foreseeable and which impair PURCHASER'S ability to proceed with the Project (for which PURCHASER shall provide reasonable evidence of such impact), such as economic or trade restrictions, shutdowns and suspensions, legislative changes, regulatory and permitting delays (not due to Developer's failure to diligently and timely pursue the same), and expropriation or requisition actions (provided, it is understood that the City's good faith exercise of any express consent, approval or other rights exercised in its capacity as a municipality or in accordance with the terms of this Agreement shall not be considered a "governmental action"), civil unrest and other similar causes and events), fail to (i) "commence breaking ground" (as defined below) on the Retail Project within one (1) year of the Closing Date, or (ii) subject to Section 4.3.4 below, fail to achieve Substantial Completion (as defined below) of at least 70,000 SF of ground floor space and 10,000 SF of second floor space of the Retail Project by the date identified as the "Outside Date", ("**Retail Project Outside Date**") in the Project Schedule (as defined below), then at the City's election by delivery of written notice to PURCHASER at any time, with respect to (i) above, prior to the date that Developer has commenced breaking ground, or with respect to (ii) above, the date that Substantial Completion of the Retail Project has been achieved, and as City's sole and exclusive remedy, City may terminate this Agreement in part, solely as it applies to the Retail Property and Retail Project, and require PURCHASER to transfer the Retail Property back to the SELLER by grant deed upon payment by SELLER to PURCHASER of the Retail Property Buy-Back Price. The "**Retail Property Buy-Back Price**" means and shall be equal to the sum of (i) the Purchase Price paid by PURCHASER pursuant to this Agreement multiplied by a fraction, the numerator of which shall be the total square footage of the Retail Property, and the denominator of which shall be the total square footage of the Property, plus (ii) the cost of improvements including soft costs related to such improvements at the Retail Property, but only to the extent such improvements and soft costs can reasonably be utilized by SELLER or a subsequent owner of the Retail Property. For purposes of determining the Retail Property Buy-Back Price, the City shall reasonably determine whether any particular improvements and or soft costs can be utilized by the City or others. The term "**commence breaking ground**" with respect to any improvements shall mean PURCHASER has obtained a grading permit issued by the City for the Retail Project or Hotel Project and commenced work thereunder. The term "**Substantial Completion**" and terms of similar nature mean, with respect to any improvements, that such improvements have been substantially

completed, as evidenced by a temporary certificate of occupancy issued by the City authorizing the legal use and occupancy of the improvements subject only to the satisfactory completion of tenant improvements.

4.3.2 Should PURCHASER, subject to extensions to account for Force Majeure Delays (as defined above), fail to (i) “commence breaking ground” (as defined below) on the Hotel Project within one (1) year of the Closing Date, or (ii) subject to Section 4.3.4 below, fail to achieve Substantial Completion of the Hotel Project by the date identified as the “Outside Date” for Substantial Completion of the Retail Project in the Project Schedule (“**Hotel Project Outside Date**”), then at the City’s election by delivery of written notice to PURCHASER at any time, with respect to (i) above, prior to the date that Developer has commenced breaking ground, or with respect to (ii) above, the date that Substantial Completion of the Hotel Project has been achieved, and as City’s sole and exclusive remedy, City may terminate this Agreement in part, solely as it applies to the Hotel Property and the Hotel Project, and require PURCHASER to transfer the Hotel Property back to the SELLER by grant deed upon payment by SELLER to PURCHASER of the Hotel Property Buy-Back Price. The “**Hotel Property Buy-Back Price**” means and shall be equal to the sum of (i) the Purchase Price paid by PURCHASER pursuant to this Agreement multiplied by a fraction, the numerator of which shall be the total square footage of the Hotel Property, and the denominator of which shall be the total square footage of the Property, plus (ii) the cost of improvements including soft costs related to such improvements at the Hotel Property, but only to the extent such improvements and soft costs can reasonably be utilized by SELLER or a subsequent owner of the Retail Property. For purposes of determining the Hotel Property Buy-Back Price, the City shall reasonably determine whether any particular improvements and or soft costs can be utilized by the City or others.

4.3.3 A copy of the Project Schedule is attached hereto as **Exhibit D** and incorporated by reference herein (as the same may be amended or modified from time to time as permitted below, the “**Project Milestone Schedule**”). SELLER understands that the Project Schedule attached hereto is a preliminary schedule. Accordingly, PURCHASER shall have the right prior to the Closing to amend or modify the Project Schedule from time to time in its commercially reasonable discretion as PURCHASER continues to conduct its diligence on the Property and pursue the Entitlement Contingencies for the Proposed Project. However, after the Closing, any material changes to the Retail Project, Retail Project Outside Date, Hotel Project or the Hotel Project Outside Date, shall require the SELLER’s approval, not to be unreasonably withheld, conditioned or delayed. Additionally, if Substantial Completion of the Retail Project has not occurred by the Retail Project Outside Date, the Retail Project Outside Date shall automatically be extended until the date that PURCHASER actually achieves Substantial Completion of the Retail Project as long as PURCHASER is diligently pursuing completion of the same, in all events, however, not to exceed a period of twelve (12) months. Likewise, if Substantial Completion of the Hotel Project has not occurred by the Hotel Project Outside Date, the Hotel Project Outside Date shall automatically be extended until the date that PURCHASER actually achieves Substantial Completion of the Hotel Project as long as PURCHASER is diligently pursuing completion of the same, in all events, however, not to exceed a period of twelve (12) months.

4.3.4 Should the PURCHASER transfer the Retail Property or the Hotel Property, as the case may be, back to the SELLER pursuant to this Section 4.3, and SELLER has reasonably determined the related “soft costs” can be reasonably utilized by SELLER or a subsequent owner of the Property as contemplated above, then SELLER shall receive the rights to the ownership (to the extent assignable by PURCHASER) of all conceptual planning, design development and construction drawing materials including documents, surveys, plans, designs,

and architectural drawings, whether in draft or final form, without any representation or warranty, and on “As-Is” and “Where-Is” basis. Any transfer of either the Retail Property or the Hotel Property, as the case may be, to SELLER as contemplated under this Section 4.3, shall be made on an “As-Is” and “Where-Is” basis, without any representation or warranty of any kind whatsoever, it being agreed by SELLER that terms to said effect, including, without limitation, full releases, shall be incorporated into the transfer documents entered into by the Parties to effectuate the transfer. SELLER shall use commercially reasonable efforts to include in its contracts and agreements with all relevant “soft cost” consultants provisions ensuring the assignability all “soft cost” materials and documents to the City and the applicability to the City of any related warranties.

4.3.5 The terms and provisions of this Section 4.3 (and any other rights of the SELLER or City to buy-back the Property pursuant to this Agreement) shall expire and terminate (and shall be of no further force or effect) as to the Retail Property, upon Substantial Completion of the Retail Property, and as to the Hotel Property upon Substantial Completion of the Hotel Property.

4.3.6 The parties acknowledge that it is contemplated that the Proposed Project could include certain residential component(s) (it being understood and agreed to however, that there shall be no obligation for Developer to include the residential component(s) within the Proposed Project, such determination to be made in Developer’s sole and absolute discretion). Developer agrees that to the extent any such residential component(s) are included in the Proposed Project, any residential component of the Proposed Project will comply with California Government Code Section 54233 and any applicable amendment thereof as applicable, and any other applicable housing law.

5. Title. Due Diligence Matters.

5.1 Within ten (10) business days after the execution of this Agreement, Escrow Holder shall deliver to PURCHASER a proforma preliminary title report issued by Escrow Holder and covering the Property (the “**Preliminary Title Report**”), including copies of all recorded exceptions to title referred to therein (the “**Exceptions**”). Within forty-five (45) calendar days after receipt of the Exceptions materials and an ALTA survey, completed by PURCHASER, of the Property setting forth all such Exceptions, PURCHASER shall have the right to object to any Exception set forth in the Preliminary Title Report by written notice to SELLER. If PURCHASER objects to any Exceptions, SELLER shall have ten (10) business days after receipt of PURCHASER’s objection notice to provide notice to PURCHASER of the objected Exceptions which the SELLER is willing and able to have removed or resolved by endorsement. If SELLER is not able and willing to remove or resolve by endorsement all Exceptions to which the PURCHASER objects, the PURCHASER shall have ten (10) business days to either: (1) waive its remaining objections, or (2) terminate this Agreement. The Exceptions approved or waived by PURCHASER shall be the “**Permitted Exceptions.**” At the Close of Escrow, SELLER shall convey fee title to the Property to the PURCHASER by Grant Deed, free and clear of any monetary encumbrances, except for the lien of current real estate taxes and assessments (not yet due and payable) and the Permitted Exceptions, and shall cause the Escrow Holder’s underwriter to issue the extended coverage ALTA owner’s policy of title insurance with respect to the Property (with such endorsements as PURCHASER shall require) in the amount of the Purchase Price and insuring PURCHASER that marketable fee title to the Property is vested in PURCHASER and is subject only to those specific Permitted Exceptions.

In the event the Escrow Holder issues to PURCHASER any amendment or supplement to the Preliminary Title Report (“**Amended Title Report**”) prior to Closing, which shows any new or materially revised exception that is not a Permitted Exception (a “**New Exception**”), PURCHASER shall be entitled to object to any such New Exception (a “**Supplemental Title Objection**”) by delivery of written notice thereof to SELLER. SELLER shall have ten (10) business days following receipt of any Supplemental Title Objection notice from PURCHASER within which to notify PURCHASER whether SELLER is willing and able to have removed or resolved by endorsement the Supplemental Title Objection. If SELLER is not able and willing to remove or resolve by endorsement any Supplemental Title Objection, the PURCHASER shall have ten (10) business days to either: (1) waive the Supplemental Title Objection, or (2) terminate this Agreement. If PURCHASER elected to waive such Supplemental Title Objection, the applicable New Exception shall be deemed to be an additional Permitted Exception, and PURCHASER shall no longer have any right to terminate this Agreement based on such New Exception. The Closing automatically shall be extended if and to the extent necessary to accommodate the time periods set forth in this paragraph above with regards to New Exceptions, notwithstanding anything to the contrary in this Agreement.

Upon any termination of this Agreement by PURCHASER pursuant to this Section 5.1, the Deposit (and any applicable Option Payments) shall be immediately returned to PURCHASER, and neither Party shall have any further obligations to the other under this Agreement, other than those that expressly survive termination pursuant to their terms.

5.2 Natural Hazard Disclosures. Escrow Holder shall order and provide to PURCHASER, at City’s expense, a Natural Hazard Disclosure Statement. CITY and PURCHASER shall execute the NHDS in Escrow, prior to the Close of Escrow.

6. As-Is Property Condition.

6.1 PURCHASER acknowledges and agrees that except as otherwise expressly provided in this Agreement, any written amendment or supplement hereto or in any documents delivered by SELLER at Closing, to the maximum extent permitted by law, the sale of the Property is made on an "As Is," "Where Is" condition and basis with all faults, and that SELLER has no obligation to make repairs, replacements, or improvements thereto. The Purchase Price and the terms and conditions set forth herein are the result of arms-length bargaining between entities familiar with transactions of this kind. PURCHASER further acknowledges and agrees that, except as otherwise expressly provided in this Agreement, SELLER has not made, does not make, and specifically negates and disclaims, any representations, warranties, promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to: (a) the value of the Property, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which PURCHASER may conduct thereon including the development of the Proposed Project or the possibility of other future development of the Property, (d) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property, (e) the manner, quality, state of repair or lack of repair of the Property, (f) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology, (g) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, (h) the manner or quality of the construction or materials, if any, incorporated into the Property, (i) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements, (j) the presence or absence of Hazardous Materials, as defined in Section 6.4 below, at, on, under or adjacent to the Property, (k) the content, completeness or accuracy of any materials obtained by PURCHASER in its

investigation of the Property, including, without limitation, any title report issued by the Escrow Holder, (l) the conformity of any improvements on the Property, if any, to any plans or specifications of the Property, including any plans and specifications that may have been or may be provided to PURCHASER, (m) the conformity of the Property to past, current or future applicable zoning or building requirements, (n) sufficiency or deficiency of any drainage, (o) the fact that all or a portion of the Property may be located on or near an earthquake fault line, (p) the land use status of the Property, zoning status, subdivision status under the California Subdivision Map Act or the subdivision ordinances of the City, or the status of any other governmental entitlement, (q) any documents pertaining to the Property provided by SELLER to PURCHASER, except for the completeness of such documents, or (r) with respect to any other matter.

6.2 PURCHASER acknowledges that PURCHASER is conducting its own investigation of the Property, and (except for the express representations and warranties contained herein, any written amendment or supplement hereto or in any documents delivered by SELLER at Closing) PURCHASER is relying solely on such investigations, inspections and evaluations of such Property in making its decision to consummate the transaction contemplated by this Agreement, and not on any information provided or to be provided by SELLER. PURCHASER hereby expressly acknowledges that PURCHASER shall be solely responsible for determining the status and condition of the Property, including land use, zoning, building and other governmental regulations, and physical, geological and environmental conditions. Except as expressly provided for in this Agreement or any written amendment or supplement hereto executed and delivered by SELLER and PURCHASER or in any documents delivered by SELLER at Closing, SELLER shall not be liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee or any other person.

6.3 Release. PURCHASER, on behalf of itself and its agents, heirs, successors and assigns, hereby waives, releases, acquits and forever discharges and releases SELLER of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which PURCHASER or any of PURCHASER's heirs, successors, or assigns now has or which may arise in the future on account of or in any way related to or in connection with any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Property (including, without limitation, the items listed in Section 6.1 and 6.2 above), and PURCHASER specifically waives the provisions of California Civil Code section 1542 which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

PURCHASER'S INITIALS

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, NOTHING IN THIS SECTION 6.3 SHALL OPERATE TO RELEASE SELLER FROM ITS LIABILITY AND OBLIGATIONS IN CONNECTION WITH (I) SELLER'S FRAUD OR WILLFUL MISREPRESENTATION, (II) ANY BREACH OF SELLER'S REPRESENTATIONS,

WARRANTIES AND COVENANTS EXPRESSLY SET FORTH IN THIS AGREEMENT, OR IN ANY WRITTEN AMENDMENT OR SUPPLEMENT HERETO EXECUTED AND DELIVERED BY SELLER OR IN ANY DOCUMENTS DELIVERED BY SELLER AT CLOSING, (III) WILLFUL INJURY TO THE PERSON OR PROPERTY OF ANOTHER, AND (IV) A VIOLATION OF LAW, WHETHER WILLFUL OR NEGLIGENT, ALL OF WHICH EXPRESSLY SURVIVE THE CLOSING PURSUANT TO THIS AGREEMENT

6.4 **“Hazardous Materials,”** means any hazardous or toxic substance, material or waste that is: (i) regulated by any local governmental authority, the State of California or the United States Government, (ii) defined as an “acutely hazardous waste,” “extremely hazardous waste,” “hazardous waste,” or “waste” under Sections 25110.02, 25115, 25117 or 25124 or listed pursuant to Sections 25141 and 25141.5 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) listed under Chapter 10 of Division 4.5 of Title 22 or defined as “hazardous” or “extremely hazardous” pursuant to Division 21.5 of Title 26 of the California Code of Regulations, (viii) designated as a “hazardous waste” pursuant to Section 6903 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. section 6901, et seq., (ix) defined as a “hazardous substance” pursuant to Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. section 9601, et seq., (x) any flammable substances or explosive, or (xi) any radioactive material.

7. Property Inspection and Determination Period.

7.1 Property Documents. SELLER will within five (5) business days from the opening of escrow deliver to PURCHASER copies of all documents relating to the Property that are in its possession or control including, without limitation, the following: (i) relevant studies, documents, land surveys, soils reports, licenses, permits, maintenance contracts, utility contracts, management contracts, service contracts, warranties, ADA compliance, Field Act compliance, approvals, and other documents and/or contracts pertaining to the Property, together with any amendments or modifications, (ii) any and all information that the SELLER has regarding environmental matters affecting the Property and regarding the condition of the Property, including, but not limited to, Phase I and/or Phase II Environmental Assessments, wetlands, structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on, or about the Property, (iii) copies of leases and relative correspondence, (iv) copies of all building plans, including any “as-built” drawings, (v) copies of all building permits, licenses and inspections issued by governmental agencies, and (vi) any other documents materially relative to the condition and/or value of the Property and the Parties' rights and duties under the Agreement (collectively, the **“Property Documents”**). Notwithstanding the foregoing, the SELLER shall have no obligation to cause any of the Property Documents to be created or produced if such document does not already exist.

7.2 Initial Determination Period. PURCHASER shall have a one hundred twenty (120) calendar day period of time from the execution of this Agreement (the **“Initial Determination Period”**) to conduct studies and investigations and to analyze all Property Documents and matters pertaining to the Property, including, without limitation, a review of the physical condition and economic viability of the Property, and to approve the same in PURCHASER's sole and absolute

discretion. PURCHASER may undertake at PURCHASER's expense inspection and review of the Property, including, but not limited to, reasonable non-destructive inspections, investigations, tests, copies, verifications, assessments, surveys and studies as PURCHASER considers reasonably necessary or desirable under the circumstances regarding the Property and its condition, which may include, without limitation, inspections regarding zoning, building codes, and other governmental regulations; imposition of governmental obligations and assessments; architectural inspections; engineering tests; economic feasibility and marketing studies; availability of sewer, water, storm drain and other utilities; availability of roads, access and services; soils, seismic, engineering and geologic reports; environmental assessments, studies, tests and reports; structural and mechanical systems inspections; and availability of permits, land use entitlements, development rights and approvals and other governmental approvals. All inspections shall be made at PURCHASER's sole cost and expense and shall not unreasonably interfere with the SELLER's use of the Property. Any Phase II invasive testing shall be first approved by the City in its reasonable discretion.

7.3 Extended Determination Period. Unless this transaction has been terminated by PURCHASER prior to the expiration of the Initial Determination Period, and provided PURCHASER approves all other contingencies respecting the Property diligence as contemplated in Section 7.2 except the Entitlement Contingencies as specified in Section 7.4, PURCHASER shall have the right to extend the Initial Determination Period until all Entitlement Contingencies set forth below are satisfied (the "**Extended Determination Period**") but in no event greater than twenty-four (24) months from the execution of this Agreement, unless further extended as mutually agreed to by the parties. Such extension shall be effective upon written notice thereof given to SELLER not later than two (2) business days prior to the date on which the Initial Determination Period would otherwise expire. The Initial Determination Period, and the Extended Determination Period, are individually and collectively referred to as the "**Determination Period**". Notwithstanding the foregoing, in the event that there are any CEQA challenges, law suits, or claims filed in connection with the Proposed Project, the Determination Period shall be tolled until such time that all such challenges, lawsuits and claims have been fully and finally resolved and non-appealable, but in no event shall such tolling period exceed a period of twelve (12) months.

7.4 PURCHASER shall have the right at any time prior to the expiration of the Determination Period to terminate this Agreement as determined in PURCHASER's sole and absolute discretion, whereupon the Deposit shall be immediately returned to PURCHASER, and neither party shall have any further obligations to the other under this Agreement, other than those that expressly survive termination pursuant to their terms.

7.5 Entitlement Contingencies. During the Determination Period PURCHASER shall use commercially reasonable efforts to diligently pursue any and all entitlements and/or permitting to PURCHASER's satisfaction and/or all studies that may be required before permits are issued and before construction may commence. PURCHASER agrees to defend, indemnify, and hold harmless the City and its agents, officers, consultants, independent contractors, and employees (the "**City's Agents**") from any and all claims, actions, or proceedings against the City or the City's Agents to attack, set aside, void, or annul an approval by the City, or the City's Agents concerning the Proposed Project (collectively the "**Claim**"). The City shall promptly notify the PURCHASER of any Claim and the City shall cooperate fully in the defense. Nothing in this paragraph shall obligate the City to defend any Claim and the City shall not be required to pay or perform any settlement arising from any such Claim not defended by the City, unless the settlement is approved in writing by the City. Nothing contained in this paragraph shall prohibit the City from independently defending any Claim, and if the City does decide to independently defend a Claim, the City shall bear its own attorney's fees, expenses of litigation, and costs for that independent defense, unless

such independent defense arises from PURCHASER's failure to defend City, or if City does not approve of counsel appointed to defend City, as determined in its reasonable judgment, in which case PURCHASER shall reimburse City for reasonable costs and fees incurred for such defense. Should the City decide to independently defend any Claim, the PURCHASER shall not be required to pay or perform any settlement arising from any such Claim unless the settlement is approved by the PURCHASER. Such contingencies shall include (a) PURCHASER's acceptance of the City's final approval of the Proposed Project entitlements, including any modifications to comply with the California Environmental Quality Act ("**CEQA**") requirements, (b) PURCHASER's acceptance of any offsite improvement obligations and any other conditions imposed by the CITY for the Proposed Project, and (c) receipt of all permits necessary to begin construction of the Proposed Project; these contingencies shall be referred to as the "**Entitlement Contingencies**". In considering the Proposed Project, the City retains the absolute and sole discretion during the Determination Period, to (i) modify the Proposed Project as may, in the SELLER/City's sole discretion, be necessary to comply with CEQA and any other applicable law, (ii) select other feasible alternatives to avoid significant environmental impacts, (iii) balance the benefits of the Proposed Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and/or (iv) determine not to proceed with the Proposed Project in which case the Deposit shall be fully refundable to PURCHASER. The stipulated development restrictions related to the Proposed Project shall be placed in a covenant and recorded against the Property at Closing.

7.6 Access. Access to the Property from the Effective Date through the Close of Escrow, or termination of this Agreement, shall be given to PURCHASER, its agents, employees, consultants, or contractors during normal business hours at reasonable times upon at least one (1) business days' notice to the SELLER, at PURCHASER's own cost and risk, for the purpose of conducting its due diligence investigation of the Property as set forth in Section 7.2. PURCHASER shall restore the Property as a result of such investigations and return the affected portion of the Property to its condition immediately prior to such investigation. PURCHASER shall repair any damage to the Property caused by any of its inspections. PURCHASER shall indemnify and defend the SELLER against and hold the SELLER harmless from all losses, costs, damages, liabilities, and expenses arising out of negligent or willful acts by PURCHASER or its agents, employees, consultants, or contractors on the Property in connection with PURCHASER's entry onto the Property or any activity thereon prior to the Close of Escrow except to the extent any such losses, costs, damages, liabilities, and expenses arise out of any negligent or willful act of the SELLER or the SELLER's agents, employees or contractors, and to the extent there are any such events, SELLER shall defend and indemnify PURCHASER; provided however, PURCHASER's discovery of or impact on an adverse condition or defect on or affecting the Property shall not trigger PURCHASER's indemnification obligations. PURCHASER's obligation to indemnify and defend the SELLER shall survive closing or any termination of this Agreement. SELLER's obligation to indemnify and defend the PURCHASER shall survive closing or any termination of this Agreement for a period of twelve (12) months.

7.7 Insurance. Prior to its first entry onto the Property and at all times thereafter until Close of Escrow, PURCHASER shall provide to the CITY proof of and maintain in full force and effect at all times, at its sole cost and expense, policies of insurance as set forth in **Exhibit E** and **Exhibit F**, attached hereto and incorporated herein.

8. Conceptual Planning Costs. SELLER and PURCHASER have agreed upon a budget for pre-application conceptual planning deliverables, which may include, without limitation, some or all of those items as outlined at paragraph I. and Exhibit C of the Letter of Intent between the Parties (the "**Conceptual Planning Deliverables**"). The conceptual planning budget will be split

50/50 between PURCHASER and SELLER, with SELLER reimbursing PURCHASER upon thirty (30) calendar days of receipt of an invoice from PURCHASER and all related invoices from vendors and subcontractors for such costs; provided that, in no event shall SELLER's reimbursement obligation hereunder exceed Two Hundred and Fifty Thousand Dollars (\$250,000). The reimbursement is only for costs incurred by PURCHASER prior to making its entitlement application to the City. The SELLER will not reimburse for conceptual planning costs incurred after that date. All reimbursements to PURCHASER shall be made outside of escrow and are not part of the Purchase Price of the Property. If PURCHASER does not close on the Property the SELLER shall receive the rights to the ownership of all Conceptual Planning Deliverables and materials including documents, surveys, plans, designs, and architectural drawings, whether in draft or final form, for which the SELLER reimbursed PURCHASER, in whole or part, pursuant to this Section 8.

9. Conditions of Closing.

9.1 PURCHASER's Conditions of Closing. The obligations of PURCHASER under this Agreement to purchase the Property and accept title from SELLER are subject to the satisfaction of all of the conditions set forth in this Section 9.1. PURCHASER may waive any or all of such conditions, in whole or in part, but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by PURCHASER of any of its rights or remedies if SELLER defaults in the performance of any covenant or agreement to be performed by SELLER under this Agreement or if SELLER breaches any representation or warranty made by SELLER in this Agreement. If any condition set forth in this Section 9.1 is not fully satisfied or waived in writing by PURCHASER, then PURCHASER shall have the right to terminate this Agreement whereupon PURCHASER shall be released from all obligations to SELLER under this Agreement and the Deposit and any Option Payments that have been made, shall be immediately returned to PURCHASER.

9.1.1 Title. At Close of Escrow, PURCHASER is conveyed good and marketable title to the Property, subject only to the exceptions approved by PURCHASER;

9.1.2 Satisfaction of Lender Requirements. All of the Lender Requirements (as hereinafter defined) shall have been satisfied or be satisfied upon or concurrent with the Closing;

9.1.3 Other Deliveries into Escrow. SELLER delivered into Escrow all other documents or instruments required by this Agreement; and

9.1.4 SELLER's Representations. SELLER's representations and warranties are correct as of the date of this Agreement and as of the Close of Escrow; and

9.1.5 SELLER's Performance. SELLER performs all obligations under this Agreement and the related documents executed, or to be executed, by SELLER; and

9.1.6 Title Policy. Prior to Close of Escrow, PURCHASER shall have received evidence that Fidelity National Title Insurance Company (the "**Title Company**") is committed to issue, and at the Close of Escrow Title Company shall issue, upon payment of Title Company's regularly scheduled premium, an extended coverage ALTA owner's policy of title insurance (the "**Title Policy**"), to be determined by PURCHASER prior to Close of Escrow, in the face amount of the total cost of the Property with any endorsements PURCHASER may require, showing title to the Property vested in PURCHASER, subject only to exceptions approved by PURCHASER.

9.1.7 PURCHASER Settlement Statement. A settlement statement duly signed and approved by PURCHASER.

9.2 SELLER's Conditions of Closing. The obligations of SELLER under this Agreement to close the sale and convey the Property to PURCHASER are subject to the satisfaction of all of the conditions set forth in this Section 9.2. SELLER may waive any or all of such conditions, in whole or in part, but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by SELLER of any of its rights or remedies if PURCHASER defaults in the performance of any covenant or agreement to be performed by PURCHASER under this Agreement or if PURCHASER breaches any representation or warranty made by PURCHASER in this Agreement. If any condition set forth in this Section 9.2 that is not within the control of SELLER is not fully satisfied or waived in writing by SELLER, then SELLER shall be released from all obligations to PURCHASER under this Agreement.

9.2.1 Other Deliveries into Escrow. PURCHASER delivered into Escrow all other documents or instruments required by this Agreement; and

9.2.2 PURCHASER's Representations. PURCHASER's representations and warranties are correct as of the date of this Agreement and as of the Close of Escrow; and

9.2.3 PURCHASER's Performance. PURCHASER performs all obligations under this Agreement and the related documents executed, or to be executed, by PURCHASER.

9.2.4 SELLER Settlement Statement. A settlement statement duly signed and approved by SELLER.

10. Close of Escrow.

10.1 SELLER's Deposits. SELLER shall deposit with Escrow Holder the following:

10.1.1 Grant Deed for Property. An original executed and acknowledged Grant Deed (in form acceptable to PURCHASER) conveying the Property to PURCHASER. Grant Deed shall include building restrictions related to the Proposed Project, as set forth in Section 7.4; and

10.1.2 Additional Documents. Any other documents or funds reasonably required by Escrow Holder from SELLER for the Close of Escrow in accordance with this Agreement.

10.2 PURCHASER's Deposits. On or before the Close of Escrow, the following will be deposited with Escrow Holder:

10.2.1 Purchase Price. Remaining Purchase Price; and

10.2.2 Closing Costs. PURCHASER will deposit cash in the amount necessary to pay PURCHASER's share of closing costs, as set forth in Section 11.3; and

10.2.3 Additional Documents. PURCHASER will deposit any other documents or funds reasonably required of PURCHASER to close Escrow in accordance with this Agreement.

10.3 Costs and Fees. Charges and expenses incurred in this transaction are to be borne by the Parties as follows:

10.3.1 The Parties shall equally divide the Escrow Holder's fees.

10.3.2 SELLER shall pay the cost of the CLTA Title Policy, and PURCHASER shall pay the cost of any endorsements, any additional costs for an ALTA Title Policy and the ALTA survey.

10.3.3 SELLER shall pay City and County transfer taxes applicable to the transfer of title at Close of Escrow, if any.

10.3.4 Any miscellaneous costs shall be borne by the Parties according to custom in County.

10.3.5 All other taxes, assessments, utility charges, and any other costs, expenses, charges and credits with respect to the Property shall be paid by SELLER.

10.3.6 In the event of any termination of this Agreement or the failure of Escrow to close due to a default of a Party, as provided herein, then the defaulting Party shall pay any cancellation costs imposed by the Escrow Holder.

10.4 At Close of Escrow, Escrow Holder shall:

10.4.1 Record the Grant Deed; and

10.4.2 Issue the Title Policy; and

10.4.3 Disburse funds.

Escrow Agent shall at the Closing deliver by overnight express delivery to PURCHASER the following fully executed documents: one (1) conformed copy of the Grant Deed; one (1) original of the title policy; one (1) copy of the settlement statement; and [list others as necessary].

11. Representations and Warranties of SELLER. SELLER hereby represents and warrants to PURCHASER that:

11.1 Authority of SELLER. SELLER is a California municipal corporation duly organized and validly existing and in good standing under the laws of the State of California and has the authority to own and convey the Property. This Agreement and all documents executed by SELLER which are to be delivered to PURCHASER at the Close of Escrow are, or at the time of Close of Escrow, will be duly authorized, executed and delivered by SELLER and will not conflict with or result in a violation of any writ, judgment, order, statute, law, regulation or any decree of any court or arbiter, or any agreement or instrument to which SELLER is a party. SELLER has the legal right, power and authority to enter into this Agreement and to consummate this transaction.

11.2 Enforceability. This Agreement and all documents required to be executed by SELLER are and shall be valid, legally binding obligations of and enforceable against SELLER in accordance with their terms.

11.3 No Rights Granted. Except for the rights of PURCHASER under this Agreement, SELLER has not granted any options or rights of first refusal to purchase the Property to any

person or entity, or entered into any other contracts for the sale of all or any portion of the Property that remains in effect.

11.4 No Litigation. To SELLER's knowledge, there is no litigation, suit, action, arbitration, legal, administrative or other proceeding or inquiry pending against the Property, or any portion thereof.

11.5 Hazardous Materials. To the best of SELLER's actual knowledge, except as otherwise may be disclosed by the Property Documents, (i) there has been no production, storage or disposal at the Property of any Hazardous Materials (as defined in Section 6.4 herein) by SELLER or, to the best of SELLER's actual knowledge, by any previous owner or tenant of the Purchase Property, (ii) Hazardous Materials have not been dumped, buried, leaked, or otherwise released upon, in, or under the Property or allowed to pass on, under or through the Property at any time during or prior to SELLER's ownership of the Property, (iii) SELLER has not violated any laws, regulations, and ordinances relating to the use of all Hazardous Materials used on the Property, and (iv) there is no proceeding or inquiry by any federal, state or local governmental agency with respect to any Hazardous Materials on the Property. In the event hazardous materials are found on the site, SELLER shall be responsible for the remediation and cleanup of such hazardous materials.

11.6 Intentionally Deleted.

11.7 There are no leases, contracts or other agreements to which SELLER is a party or a successor party which will affect the Property on and after the Closing.

11.8 SELLER has not received written notice from any governmental authority that the Property, or any portion thereof, is not in compliance with all applicable laws, rules, regulations, judgments, decisions, orders, decrees or demands, including, but not limited to, any applicable building codes, environmental, zoning, land use and other local, state and federal laws and regulations applicable to the Property except for such failures to comply, if any, which have been remedied.

11.9 To SELLER's knowledge, the Property Documents provided by Seller are true, complete and correct in all material respects.

12. Representations and Warranties of PURCHASER. PURCHASER hereby represents and warrants to SELLER that:

12.1 PURCHASER's Authority. PURCHASER is a Delaware limited liability company duly organized and validly existing and in good standing under the laws of the State of Delaware and has the authority to purchase and accept the Property. This Agreement and all documents executed by PURCHASER which are to be delivered to SELLER at the Close of Escrow are, or at the time of Close of Escrow, will be duly authorized, executed and delivered by PURCHASER. PURCHASER has the legal right, power and authority to enter into this Agreement and to consummate this transaction.

12.2 Enforceability. This Agreement and all documents required to be executed by PURCHASER are and shall be valid, legally binding obligations of and enforceable against PURCHASER in accordance with their terms.

13. Indemnity and Defense. PURCHASER shall protect, defend (with legal counsel acceptable to SELLER), indemnify and hold harmless the City of Elk Grove, and its officers, agents, and employees from any and all claims, damages, losses, costs, expenses (including reasonable attorney's fees and all other defense costs), injuries, or liabilities of every kind on account of damage to Property or injury to person (including death), which directly or indirectly arise from or relate to the Proposed Project or the Property, caused in whole or in part, by any negligent act or omission of the PURCHASER, any member, officer, employee, agent, consultant, invitee, subcontractor, or anyone directly or indirectly employed by any of them, or anyone acting through or on behalf of them, except to the extent caused by the negligence, or willful misconduct of the City of Elk Grove, or its respective officers, agents and employees, as determined by a court of competent jurisdiction. Unless and until such judicial determination is made, or as otherwise agreed by the parties, PURCHASER shall remain obligated to defend, indemnify, and hold harmless City, its officers, officials, employees, volunteers, and agents pursuant to this Agreement. The provisions of this section shall survive termination or suspension of this Agreement.

14. Assignment. Subject to Section 15, this Agreement may not be assigned or otherwise transferred by PURCHASER without the prior written consent of SELLER, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, PURCHASER shall have the right, upon not less than five (5) business days' notice, to assign this Agreement to an entity that controls, is controlled by, or under common control with PURCHASER without SELLER's prior written consent. In the event of a transfer, the transferee shall assume in writing all of the transferor's obligations hereunder, but such transferor shall not be released from its obligations hereunder unless such transfer is made pursuant to Section 15. No consent given by SELLER to any transfer or assignment of PURCHASER's rights or obligations hereunder shall be construed as a consent to any other transfer or assignment of PURCHASER's rights or obligations hereunder. No transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Parties. The term "control" shall mean the possession of the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract or otherwise, and which may be subject to customary majority approval or decision rights.

15. Permitted Assignments and Transfers. Subject to conditions determined by PURCHASER (such as, by way of example only and not by limitation, completion of necessary subdivisions, establishment and recording of appropriate reciprocal easement agreements, covenants and conditions and securing agreements from applicable third party stakeholders), PURCHASER shall have the right to elect to close on all or on a portion of the Property in a phased manner, as well as maintain the right to assign the right to purchase all or a portion of the Property to another entity; provided that no such assignment shall occur or be valid without the express written consent of the SELLER, which consent shall not be unreasonably withheld. In the event that SELLER reasonably consents to any assignment or transfer contemplated by this Section 15, the Parties shall negotiate and execute an amendment to this Agreement as necessary to memorialize the PURCHASER's conditions and any other relevant terms required to effectuate a phased closing or assignment or transfer elected to be made by PURCHASER hereunder.

16. Default, Remedies and Termination.

16.1 Default – General. Subject to the provisions of this Section 16 and extensions of time set forth in this Agreement, failure or delay by either Party to timely perform any term or

provision of this Agreement after applicable notice and cure periods, constitutes a default under this Agreement.

16.2 Pre-Closing Defaults. Neither Party shall be in default under this Agreement unless the other Party first provides written notice of default and the Party in default thereafter fails within five (5) business days after receipt of such notice of default to either cure such default or, if such default cannot reasonably be cured within said five (5) business day period, diligently commence such actions reasonably necessary to cure such default within such five (5) business day period, and thereafter, cures such default within a time period reasonably necessary to cure said default, not to exceed thirty (30) business days after receipt of such notice of default (or such longer period of time as may be reasonably necessary due to the nature of and circumstances relating to the default provided that such Party continues to diligently prosecute such cure to completion within ninety (90) business days). The provisions of this Section 16.2 shall only apply to defaults by a Party that occur prior to Closing.

16.3 Remedy for PURCHASER's Failure to Close Escrow.

IN THE EVENT ESCROW FAILS TO CLOSE DUE TO A DEFAULT UNDER THIS AGREEMENT BY PURCHASER, SELLER SHALL BE ENTITLED, AS SELLER'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT, TO TERMINATE THIS AGREEMENT AND RETAIN THE DEPOSIT MADE BY PURCHASER ALONG WITH ALL INTEREST ACCRUED THEREON AND THE OPTION PAYMENTS, ALONG WITH ALL INTEREST ACCRUED THEREON, IF ANY, AS LIQUIDATED DAMAGES AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IN ADDITION, PURCHASER SHALL DELIVER TO SELLER ALL REPORTS AND STUDIES CONDUCTED BY THIRD PARTIES ON BEHALF OF PURCHASER IN CONNECTION WITH ITS INVESTIGATION OF THE PROPERTY WITHOUT REPRESENTATION OR WARRANTY. ADDITIONALLY, THE SELLER SHALL RECEIVE THE RIGHTS TO THE OWNERSHIP OF ALL CONCEPTUAL PLANNING MATERIALS INCLUDING DOCUMENTS, SURVEYS, PLANS, DESIGNS, AND ARCHITECTURAL DRAWINGS, WHETHER IN DRAFT OR FINAL FORM, FOR WHICH THE SELLER REIMBURSED PURCHASER, IN WHOLE OR PART, PURSUANT TO SECTION 8. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE SOLELY DUE TO A DEFAULT BY PURCHASER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE TOTAL AMOUNT OF THE DEPOSIT AND OPTIONS PAYMENTS, IF ANY, AND ANY ACCRUED INTEREST, MADE BY PURCHASER HEREUNDER HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER.

SELLER's Initials

PURCHASER's Initials

16.4 Remedy for SELLER's Failure to Close Escrow.

IN THE EVENT ESCROW FAILS TO CLOSE DUE TO A DEFAULT UNDER THIS AGREEMENT BY SELLER, PURCHASER SHALL BE EITHER (I) ENTITLED TO A REFUND OF THE DEPOSIT FOR THE PROPERTY, ALONG WITH ALL INTEREST ACCRUED THEREON, ANY OPTION PAYMENTS MADE BY PURCHASER UNDER THIS AGREEMENT, ALONG WITH ALL INTEREST ACCRUED THEREON, AND PURCHASER SHALL BE ENTITLED TO PURSUE REIMBURSEMENT OF SUBSTANTIATED COSTS EXPENDED TO DATE UP TO ONE MILLION AND NO/00 DOLLARS (\$1,000,000), OR (II) BRING AN ACTION FOR SPECIFIC

PERFORMANCE (PROVIDED, PURCHASER FILES SUCH CLAIM WITHIN SIXTY (60) DAYS AFTER THE CLOSING DATE), AS PURCHASER'S SOLE REMEDY. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE SOLELY DUE TO A DEFAULT BY SELLER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE TOTAL AMOUNT OF THE DEPOSIT, ALONG WITH ALL ACCRUED INTEREST THEREON, MADE BY PURCHASER HEREUNDER, ANY OPTION PAYMENTS MADE BY PURCHASER UNDER THIS AGREEMENT, ALONG WITH ALL ACCRUED INTEREST THEREON, AND ADDITIONAL REIMBURSEMENT UP TO \$1,000,000, AS PROVIDED HEREIN, HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF PURCHASER'S DAMAGES AND AS PURCHASER'S REMEDY AGAINST SELLER SHOULD PURCHASER ELECT TO TERMINATE THIS AGREEMENT.

SELLER's Initials

PURCHASER's Initials

16.5 Limitation on Damages.

THE REMEDIES SET FORTH IN SECTION 16.3 AND SECTION 16.4 REPRESENT THE PARTIES' SOLE AND EXCLUSIVE REMEDIES FOR FAILURE TO CLOSE ON THE PROPERTY.

SELLER's Initials

PURCHASER's Initials

16.6 Default After Title Transfer.

16.6.1 Default by either Party. Neither Party shall be in default under this Agreement unless the other Party first provides written notice of default and the Party in default thereafter fails within thirty (30) business days after receipt of such notice of default to either cure such default or, if such default cannot reasonably be cured within said 30 business day period, diligently commence such actions reasonably necessary to cure such default within such 30 business day period, and thereafter, cures such default within a time period reasonably necessary to cure said default, not to exceed ninety (90) business days after receipt of such notice of default.

16.6.2 SELLER'S SECTION 4.3 SOLE AND EXCLUSIVE REMEDY. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IN THE EVENT PURCHASER FAILS TO COMMENCE BREAKING GROUND ON THE RETAIL PROJECT OR THE HOTEL PROJECT, AS THE CASE MAY BE, WITHIN ONE (1) YEAR OF THE CLOSING DATE OR FAILS TO SUBSTANTIALLY COMPLETE THE RETAIL PROJECT OR THE HOTEL PROJECT BY THE RETAIL PROJECT OUTSIDE DATE OR THE HOTEL PROJECT OUTSIDE DATE, RESPECTIVELY AND AS THE CASE MAY BE, SELLER SHALL BE ENTITLED, PURSUANT TO AND AS MORE PARTICULARLY PROVIDED BY SECTION 4.3 ABOVE AND AS ITS SOLE AND EXCLUSIVE REMEDY, TO TERMINATE THIS AGREEMENT IN PART, AND EXERCISE ITS RIGHT TO CAUSE PURCHASER TO TRANSFER THE RETAIL PROPERTY OR THE HOTEL PROPERTY, AS APPLICABLE, TO SELLER IN ACCORDANCE WITH THE TERMS OF SECTION 4.3. UPON ANY SUCH TERMINATION, NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATIONS TO THE OTHER UNDER THIS AGREEMENT WITH RESPECT TO THE RETAIL PROPERTY OR THE HOTEL PROPERTY, AS APPLICABLE, OTHER THAN THOSE THAT EXPRESSLY SURVIVE TERMINATION PURSUANT TO THEIR

TERMS. IF PURCHASER FAILS OR REFUSES TO TRANSFER THE RETAIL PROPERTY OR THE HOTEL PROPERTY TO SELLER, AS APPLICABLE, AS REQUIRED UNDER SECTION 4.3, SELLER SHALL HAVE THE RIGHT TO BRING AN ACTION FOR SPECIFIC PERFORMANCE (PROVIDED, SELLER FILES SUCH CLAIM WITHIN SIXTY (60) DAYS AFTER THE DATE OF SUCH FAILURE OR REFUSAL).

16.7 WAIVER OF CONSEQUENTIAL DAMAGES. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY, OR AT ALL, WHETHER UNDER THEORIES OF CONTRACT, TORT, STATUTE, STRICT LIABILITY, NEGLIGENCE, INTENTIONAL ACT OR INACTION, OR ANY OTHER LEGAL OR EQUITABLE THEORY REGARDING OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT FOR ANY LOST PROFITS, OR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER.

16.8 No Waiver. The failure or delay by either Party in asserting its rights or remedies as to any default, shall not operate as a waiver of any default or of any rights or remedies under this Agreement or deprive either Party of its right to institute and maintain any action or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

16.9 Right and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times of any other rights or remedies for the same default or any other default by the other Party.

17. Brokers' Fees. The Parties each hereby warrant to the other that no person or entity can properly claim a right to a commission or a finder's fee based upon contacts or understandings between such claimant and PURCHASER or SELLER with respect to the transaction contemplated by this Agreement. If any broker or finder makes any claim for a commission or finder's fee, the Party through which the broker or finder makes such claim shall indemnify, defend and hold the other Party harmless from all liabilities, expenses, losses, damages or claims (including the indemnified Party's reasonable attorneys' fees) arising out of such broker's or finder's claims.

18. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation arising under this Agreement, venue shall reside exclusively in the Superior Court of the County of Sacramento.

19. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this section, shall be addressed to the Parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered and received by the receiving Party (a) upon receipt when hand delivered, (b) upon receipt when sent by facsimile to the number set forth below (with written confirmation of receipt from the sender), (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery), or (d) upon actual delivery if deposited with any commercially-recognized overnight carrier that routinely issues receipts (provided that, the sending Party receives a confirmation of actual delivery from the courier). The addresses of the Parties to receive notices are as follows:

If to SELLER: City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758
Attn: City Manager
E-mail: jbehrmann@elkgrovecity.org

With a copy to: City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758
Attn: City Attorney
E-mail: jhobbs@elkgrovecity.org

If to PURCHASER: CenterCal Acquisitions, LLC
3200 Park Center Drive, Suite 1250
Costa Mesa, CA 92626
Attn: Jean Paul Wardy, CEO
E-mail: jwardy@centercal.com

With a copy to: CenterCal
830 South Pacific Coast Highway, Suite 206
El Segundo, CA 90245
Attn: General Counsel
E-mail: jkim@centercal.com

If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A Party may change or supplement the addresses given above or designate additional addressees for purposes of this section, by delivering to the other Party written notice in the manner set forth above.

20. Entire Agreement. This Agreement and the documents referenced herein contain the entire agreement between the Parties, and this Agreement shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors-in-interest.

21. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the Parties that all the other provisions of this Agreement be construed to remain fully valid, enforceable and binding on the Parties.

22. Waivers. A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.

23. Construction. The section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the Parties to this Agreement. The section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form shall include plural, and vice versa. All exhibits referred to in this Agreement are attached to it and incorporated in it by this reference.

24. Merger. All of the terms, provisions, representations, warranties, and covenants of the Parties under this Agreement shall survive the Close of Escrow and shall not be merged in the Grant Deed or other documents.
25. Time of the Essence. Time is of the essence in this Agreement.
26. Successors. This Agreement shall inure to the benefit of and shall be binding upon the Parties to this Agreement and their respective successors.
27. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and permitted assigns, any rights or remedies.
28. Further Assurances. SELLER and PURCHASER agree to execute such additional documents and take such additional actions which are consistent with, and as may be reasonable and necessary to carry out the provisions of this Agreement.
29. Joint Drafting. PURCHASER and SELLER acknowledge that this Agreement was negotiated at arm's length, that independent counsel has represented each Party, and that this Agreement has been drafted by both Parties, and no one Party shall be construed as the draftsman.
30. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same Agreement.
31. Days of Week/Time. The time in which any act is to be done hereunder is computed by excluding the first day and including the last. The term "business day" as used in this Agreement, means any calendar day other than Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.
32. Attorneys' Fees. If a Party employs an attorney for the purpose of enforcing this Agreement, or any judgment based on this Agreement, in any legal proceeding whatsoever, including insolvency, bankruptcy, arbitration (on terms approved by both parties), declaratory relief or other litigation, the prevailing Party shall be entitled to receive from the other Party or parties thereto reimbursement for all reasonable attorneys' fees and all reasonable and customary costs, including but not limited to service of process, filing fees, court and court reporter costs, investigative costs, expert witness fees and the cost of any bonds, whether taxable or not, and such reimbursement shall be included in any judgment, decree or final order issued in that proceeding. The "prevailing party" means the party in whose favor a judgment, decree, or final order is rendered.
33. Limitation on Liability. No shareholder, officer, employee, attorney, or agent of or consultant to SELLER or PURCHASER shall be held to any personal liability hereunder, and no resort shall be had to their private property, for the satisfaction of any claims hereunder or in connection with the affairs of SELLER or PURCHASER.
34. Casualty; Condemnation. If prior to the Closing all or a portion of the Property is condemned, damaged or destroyed, PURCHASER shall have the option of either (i) receiving from SELLER an amount equal to any applicable deductible under any applicable insurance policy

and receiving any awards or payments received by SELLER resulting therefrom, or (ii) terminating this Agreement in whole by delivering notice to SELLER and Escrow Holder. If Purchaser elects to terminate this Agreement, Escrow Holder shall promptly return the Deposit and any Options Payments, if applicable, under this Agreement to PURCHASER and upon such termination PURCHASER and SELLER shall be released from any further obligations hereunder except for those obligations that expressly survive the termination of this Agreement.

35. Exclusivity. For good and valuable consideration demonstrated by PURCHASER'S Deposit, from the Effective Date until the Closing or earlier termination of this Agreement, SELLER on behalf of itself and its representatives, directors, officers, employees, agents or advisors, agrees that it (i) shall not, with regard to the sale or ground lease of all or any portion of the Property, execute or negotiate terms of a letter of intent or purchase and sale agreement or ground lease with any other potential buyer or ground lessee of the Property, and (ii) shall not, with regard to the sale or ground lease of all or any portion of the Property, respond to any request for proposal or otherwise correspond, either orally or in writing, with any other potential buyer or a ground lessor of the Property.

36. Estoppel Certificates. SELLER shall provide within fifteen (15) days of written request from PURCHASER, an estoppel certificate signed by an authorized signatory of SELLER, addressed to PURCHASER and any prospective purchaser, lender or other third party designated by PURCHASER, certifying the following: (i) this Agreement represents the entire agreement between the parties with respect to the Property and the Proposed Project; (ii) this Agreement is in full force and effect and has not been modified, supplemented or amended in any way except as stated therein; (iii) all conditions of the Agreement to be performed by PURCHASER necessary to the enforceability of the Agreement have been satisfied and PURCHASER is not in default hereunder; (iv) SELLER has not delivered any notice to PURCHASER regarding a default by PURCHASER hereunder; and (v) such other information as reasonably requested by PURCHASER.

37. Loan. SELLER agrees to subordinate its rights under this Agreement to any lender providing financing for the PURCHASER's acquisition or development of the Property. In the event that the PURCHASER obtains financing from a third-party lender, SELLER shall execute and deliver such documents, instruments, or agreements as may be reasonably requested by PURCHASER or the lender to confirm that the SELLER'S rights under this Agreement will be subject and subordinate to the rights of the lender, including without limitation, an agreement subordinating SELLER's rights under this Agreement to any mortgage, deed of trust, or other security interest granted by PURCHASER to secure such financing ("**Lender Requirements**"). SELLER agrees to cooperate with PURCHASER and the lender to ensure that the lender's interests in the Property are not impaired by the SELLER's rights under this Agreement.

The Parties hereto have executed this Agreement as of the Effective Date.

SELLER:

City of Elk Grove,
a California municipal corporation

PURCHASER:

CenterCal Acquisitions, LLC,
a Delaware limited liability company

By: _____
Jason Behrmann,
City Manager

By: _____
Jean Paul Wardy,
CEO

APPROVED AS TO FORM:

By: _____
Jonathan P. Hobbs, City Attorney

ATTEST:

By: _____
Jason Lindgren, City Clerk

Dated: _____

Exhibit A

LEGAL DESCRIPTION OF CITY PROPERTY

Being a portion of the Lands of Reynen and Bardis (Laguna Ridge) L.P. as described in that certain Grant Deed recorded on June 16, 2005, in Book 20050616, at Page 0897, Official Records of Sacramento County, being further described as a portion of Area 1 of that certain Boundary Line Adjustment filed for record in Book 20050208, at Page 2529, Official Records of Sacramento County and situate in a portion of Section 2, Township 6 North, Range 5 East, Mount Diablo Meridian, City of Elk Grove, County of Sacramento, State of California, and being further described as the following:

Beginning at a point on the North line of the Northwest One-Quarter of said Section 2, from which a found one and one-half inch (1-1/2") iron pipe with brass disk stamped L.S. 5854 marking the North One-Quarter corner of said Section 2, as shown on that certain Record of Survey filed for record in Book 59 of Surveys, at Page 3, Sacramento County Records bears along said North line, South 89°50'42" East a distance of 641.86 feet; thence from said **POINT OF BEGINNING**, leaving said North line, the following two (2) courses and distances:

1. South 00°11'05" West a distance of 865.00 feet; and
2. North 89°50'42" West a distance of 347.14 feet to the Southeast corner of that certain Gift Deed to the City of Elk Grove filed for record in Book 20041230, at Page 1704, Official Records of Sacramento County;

thence along the East line of said Gift Deed, North 00°13'10" West a distance of 865.02 feet to the Northeast corner of said Gift Deed; thence leaving said East line of Gift Deed, along the North line of the Northwest One-Quarter of said Section 2, South 89°50'42" East a distance of 353.25 feet to the Point of Beginning.

Exhibit B

CONCEPTUAL PROJECT SITE PLAN



Exhibit C

CONCEPTUAL PROJECT RENDERINGS





Exhibit D

PROJECT MILESTONE SCHEDULE

Purchase and Sale Agreement and Joint Escrow Instructions Approved	June 25, 2025
Initial Determination Period Ends (within 120 days)	October 25, 2025
Extended Determination Period Ends (within 24 months)	October 25, 2027
Close of Escrow (within 30 days)	November 24, 2027
Commence Construction (within 12 months)	November 24, 2028
Substantial Completion: Retail Project Outside Date	May 30, 2029
Substantial Completion: Hotel Project Outside Date	September 26, 2029

Exhibit E

INSURANCE REQUIREMENTS

Prior to commencement of any entry on the Property, DEVELOPER shall provide to the City proof of, and maintain in full force and effect at all times during the term of the Contract, at its sole cost and expense, policies of insurance as set forth herein. DEVELOPER shall comply with all reporting and other provisions of the policies of insurance as set forth herein including, but not limited to, timely reporting of claims and suits. Further, should DEVELOPER maintain any programs of self-insurance, DEVELOPER shall comply with the applicable fulfillment of any self-insured retentions.

1. General Liability:

- a. Comprehensive general liability insurance including, but not limited to, protection for claims of bodily injury and property damage.
- b. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage form CG 0001 (occurrence).
- c. Claims-made coverage is not acceptable.
- d. The limits of liability shall not be less than:

Each occurrence:	One Million Dollars (\$1,000,000)
Aggregate:	One Million Dollars (\$1,000,000)

2. Worker's Compensation

- a. Worker's Compensation Insurance, with coverage as required by the State of California (unless the DEVELOPER is a qualified self-insurer with the State of California), and Employers Liability coverage. The DEVELOPER shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in Exhibit D.
- b. Employer's Liability Coverage shall not be less than One Million Dollars (\$1,000,000).
- c. If an injury occurs to any employee of the DEVELOPER for which the employee or the employee's dependents, in the event of the employee's death, may be entitled to compensation from the City under the provisions of the Acts, for which compensation is claimed from the City, there will be retained out of the sums due the DEVELOPER under this Contract, an amount sufficient to cover such compensation as fixed by the Acts, until such compensation is paid or it is determined that no compensation is due. If the City is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due to the DEVELOPER.
- d. The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents, and authorized volunteers for losses arising from work performed by the DEVELOPER.
- e. Other Insurance Provisions: The general liability coverage shall contain the following provisions and endorsements: The City, its officials, employees, agents and authorized volunteers shall be covered and specifically named as additional insured as respects liability arising out of activities performed by or on behalf of the DEVELOPER, products and completed operations of the DEVELOPER,

premises owned, occupied, or used by the DEVELOPER, or automobiles leased, hired, or borrowed by the DEVELOPER on a separate endorsement acceptable to the City.

- f. The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents, and authorized volunteers for losses arising from work performed by the DEVELOPER.
 - g. The policy shall contain no special limitations on the scope of coverage afforded to the City, its officials, employees, agents, or authorized volunteers.
 - h. Provision or endorsement stating that for any claims related to this contract, the DEVELOPER's insurance coverage shall be primary insurance as respects the City, its officials, employees, agents, and authorized volunteers to the extent the City is an additional insured. Any insurance or self-insurance maintained by the City, its officials, employees, agents, or authorized volunteers shall be in excess of the DEVELOPER's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss or judgment.
3. Acceptability of Insurers: Insurance is to be placed with insurers with a **Bests' rating of no less than A:VII**.
 4. Any deductibles, aggregate limits, pending claims or lawsuits that may diminish the aggregate limits, or self-insured retention(s), must be declared to, and approved by, the City.
 5. The DEVELOPER shall furnish the City with certificates of insurance and original endorsements or insurance binders, signed by a person authorized by the insurer to bind coverage on its behalf, evidencing the coverage required by this Contract. At the written request of the City, DEVELOPER agrees to furnish a duplicate original or certified copy of each required policy including the declaration pages, conditions, provisions, endorsements, and exclusions.
 6. The City, due to unforeseen risk or exhaustion, failure, or dilution of DEVELOPER's insurance coverage, at its discretion, may increase the amounts and types of insurance coverage required hereunder at any time during the term of the contract by giving 30 days written notice.
 7. The DEVELOPER shall serve the City notice, in writing by certified mail, within 2 days of any notices received from any insurance carriers providing insurance coverage under this Agreement that concern the suspension, voidance, cancellation, termination, reduction in coverage or limits, non-renewal, or material changes of coverage proposed or otherwise.
 8. If the DEVELOPER fails to procure or maintain insurance as required by this section, and any Supplementary Conditions, or fails to furnish the City with proof of such insurance, the City, at its discretion, may procure any or all such insurance. Premiums for such insurance procured by the City shall be deducted and retained from any sums due to the DEVELOPER under the contract.
 9. Failure of the City to obtain such insurance shall in no way relieve the DEVELOPER of any of its responsibilities under the contract.

10. The making of progress payments to the DEVELOPER shall not be construed as relieving the DEVELOPER or its Sub-DEVELOPERs or agents of responsibility for loss or direct physical loss, damage, or destruction occurring prior to final acceptance by the City.
11. The failure of the City to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at any time during the term of the contract.

The requirements as to types, limits, and the City's approval of insurance coverage to be maintained by DEVELOPER are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by DEVELOPER under the Contract

Exhibit F

**CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700,
RELEASE AND INDEMNIFICATION**

The undersigned, on behalf of and as the duly certified representative of DEVELOPER, certifies as follows:

1. DEVELOPER is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and DEVELOPER has complied or will comply with such provisions before commencing the performance of the work of this contract.
2. Should DEVELOPER fail to secure Workers' Compensation coverage as required by the State of California, DEVELOPER shall release, hold harmless, defend and indemnify the City of Elk Grove from and against any damage, liability, claim, cause of action and any other loss, including without limitation, court costs, reasonable attorney's fees and costs resulting from any failure to take and/or maintain Workers' Compensation insurance as required by law. The provisions of this Exhibit shall survive termination, suspension and/or completion of this Contract. It is further understood and agreed that this release and assumption of risk is to be binding on DEVELOPER's successors, heirs and assigns.

DEVELOPER

By: _____

Date: _____

Name: _____

Title: _____

]