

RESOLUTION NO. 2007-54

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING THE CITY MANAGER, OR DESIGNEE, TO EXERCISE THE OPTION
TO PURCHASE, AND EXECUTE THE PURCHASE AND SALE AGREEMENT FOR
THE PROPERTY LOCATED AT 8401 LAGUNA PALMS WAY, ELK GROVE,
SACRAMENTO COUNTY APN 116-0860-048**

WHEREAS, the City of Elk Grove entered into a Lease Agreement with an Option to Purchase, the property located at 8401 Laguna Palms Way for the expansion of City Hall in May of 2005. The City took occupancy of the newly-constructed facility in January 2006, and

WHEREAS, the City of Elk Grove desires to exercise its Option to Purchase and execute the Purchase and Sale Agreement attached to this resolution, which was previously negotiated as part of the Option Agreement approved by the City Council on May 11, 2005 by Resolution No. 2005-123, and

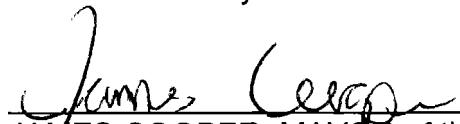
WHEREAS, the City of Elk Grove has the exclusive right to exercise its option to purchase the building until March 31, 2007, and

WHEREAS, the negotiated purchase price of the property is \$10,800,000, and

WHEREAS, in lieu of annual lease payments which escalate annually at 3% over the 10-year lease term, the annual debt service and estimated costs to maintain the property amount to a lower annual cost to the city while providing the potential for the City to realize price appreciation.

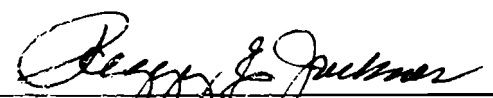
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager, or designee, to exercise the Option to Purchase, and execute the Purchase and Sale Agreement with Jackson II, LLC, a California limited liability company and the City of Elk Grove, a municipal corporation, on the building located at 8401 Laguna Palms Way, Elk Grove; a copy of which is attached and incorporated into this resolution.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 28th day of February 2007.



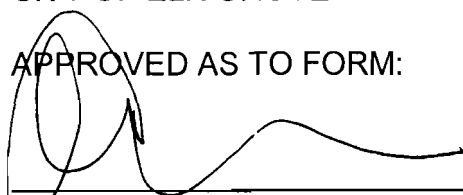
JAMES COOPER, MAYOR of the
CITY OF ELK GROVE

ATTEST:



PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:



ANTHONY B. MANZANETTI,
CITY ATTORNEY

EXHIBIT A

AGREEMENT OF PURCHASE AND SALE

[8401 Laguna Palms Way Elk Grove, California]

THIS AGREEMENT OF PURCHASE AND SALE ("Agreement"), dated for reference purposes only as of _____, 2007, is entered into by and between JACKSON II, LLC, a California limited liability company ("Seller"), and THE CITY OF ELK GROVE, a California municipal corporation ("Buyer").

RECITALS

A. Seller is the owner of that certain real property, commonly known as 8401 Laguna Palms Way, located in the City of Elk Grove, the County of Sacramento (the "County"), and the State of California, and more particularly described on Exhibit A attached hereto (the "Land").

B. Located on the Land is a two-story, concrete tilt-up building comprised of approximately 43,035 rentable square feet (the "Building"), and all improvements and fixtures located on the Building and parking spaces, as well as all other buildings and structures presently located on the Land, all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Land, such as, but without limitation, heating and air conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, garbage disposal, recreation, or other services on the Land (the Building and such other improvements are hereinafter collectively referred to as the "Improvements"); all rights, privileges, and easements appurtenant to the Land owned by Seller, including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Land, as well as all development rights, air rights, water, water rights, and water stock relating to the Land, any rights to any land lying in the bed of any existing dedicated street, road, or alley adjoining the Land and to all strips and gores adjoining the Land, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances"). The Land, the Improvements and the Appurtenances are hereinafter collectively referred to as the "Property".

C. Buyer currently leases the space in the Building from the Seller pursuant to that certain Office Building Lease dated for reference purposes only as of May 6, 2005 (the "Lease")

D. Buyer has exercised its option to purchase the Property by delivery of the Notice of Exercise of Option (which Notice was delivered on _____, 2006; the "Option Notice Delivery Date") pursuant to the terms of that certain Option Agreement Dated May 6, 2005 (the "Option Agreement"), by and between Seller, as optionor, and Buyer as optionee, which purchase the parties desire to consummate pursuant to the terms of this Agreement.

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

AGREEMENT

1. Purchase and Sale: Effective Date. Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer the Property, upon the terms and conditions set forth in this Agreement. At Closing, Seller agrees to convey to Buyer fee simple title to the Property via a standard form of grant deed. For the purpose of this Agreement, the date on which the last party executing this Agreement delivers it to the other party shall hereinafter be referred to as the "Effective Date"

2. Purchase Price. The purchase price (the "Purchase Price") for the Property shall be Ten Million Eight Hundred Thousand and 00/100 Dollars (\$10,800,000.00).

3. Payment of Purchase Price. The Purchase Price shall be payable by Buyer to Seller as follows:

(a) Deposit. Within three (3) days after the Opening of Escrow by Seller, Buyer shall deliver to Escrow Holder the sum of Two Hundred Fifty Thousand and no/100ths Dollars (\$250,000.00) (the "Deposit"), in immediately available funds, payable to Escrow Holder (as defined in Section 4(a) below).

(b) Escrow Holder's Handling of Deposit. The Deposit shall be: (i) invested by Escrow Holder with a financial institution specified by Buyer, in a federally insured interest-bearing demand account; (ii) credited to the Purchase Price upon the Close of Escrow (as defined in Section 4(b) below); and (iii) non-refundable to Buyer, except as expressly provided in this Agreement.

(c) Balance of the Purchase Price at Close of Escrow. On or before the Close of Escrow, Buyer shall deposit with Escrow Holder the balance of the Purchase Price, plus Buyer's share of closing costs, prorations and charges payable pursuant to this Agreement, in immediately available funds, which shall be paid to Seller at Close of Escrow.

4. Escrow.

(a) Opening of Escrow. Within three days following the Effective Date, Seller shall open the Escrow with Fidelity National Title Company, 8801 Folsom Blvd., Suite 210, Sacramento, California 95826 ("Escrow Holder"). Buyer and Seller agree to execute and deliver to Escrow Holder, within ten (10) days of delivery, all escrow instructions necessary to consummate the transaction contemplated by this Agreement. Such escrow instructions shall not conflict with, amend or supersede any portion of this Agreement. If there is any inconsistency between such escrow instructions and this Agreement, this Agreement shall control.

(b) Close of Escrow. For the purpose of this Agreement, the "Close of Escrow" shall be defined as the date that the Grant Deed (as defined in Section 5 below) is recorded in the Official Records of the County. The Close of Escrow shall occur on the date (the "Closing Date") that is thirty (30) days after the expiration of the Contingency Period.

5. Conditions of Title. Title to the Property shall be conveyed to Buyer by Seller by grant deed ("Grant Deed"), subject only to: (a) a lien to secure payment of real estate taxes and assessments, not delinquent; (b) the lien of current supplemental taxes, not delinquent; (c) all title matters affecting the Property created by or with the written consent of Buyer; (d) exceptions to title approved and/or accepted by Buyer in accordance with this Agreement (including the Approved Exceptions referenced in Section 8 below); (e) all applicable laws, ordinances, rules and governmental regulations (including, but not limited to those relative to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the Property; (f) all matters which would be apparent from an inspection of the Property; and (g) all matters which would be disclosed by a survey of the Property (collectively, "Approved Condition of Title"). ~~Provided, however, the one-time Laguna CFB Mello Roos Special Tax assessed against the Property shall be paid by Seller on or before the Close of Escrow.~~

6. Seller's Deliveries. On or before fifteen (15) days after the Effective Date, Seller, at Seller's expense, shall, deliver to Buyer the following ("Property Information"):

(a) Preliminary Report issued by _____, dated _____, 20____, issued under Order No. _____ (the "Preliminary Report"), and all documents, whether recorded or unrecorded, referred to in the Preliminary Report;

(b) copies of all existing and proposed easements, covenants, restrictions, agreements, or other documents that affect title to the Property and that are not disclosed by the Preliminary Report, or, if no such documents are known by Seller to exist, a certification of Seller that Seller has not entered into any such documents and, to the best of Seller's knowledge, no such documents exist;

(c) copies of the most recent property tax bills for the Property;

(d) copies of all insurance policies, leases, agreements, plans and specifications, engineering, architectural or zoning documents, tests or reports, licenses, permits, certificates of occupancy, warranties, soil reports, and all other documents that concern the Property and that are in the Seller's possession or under Seller's control;

(e) the following planned development documents for the Property (collectively, the "Planned Development Documents"):

(i) Declaration of Covenants, Conditions and Restrictions of Laguna East Business Park dated as of May 5, 2004 (the "Declaration").

(ii) Articles of Incorporation of Laguna East Business Park Owners Association.

(iii) Bylaws of Laguna East Business Park Owners Association.

Buyer hereby acknowledges receipt of the Planned Development Documents, on or about April 15, 2005. Notwithstanding Buyer's approval of the foregoing documents, Seller reserves the right to modify such documents as may be required by law, any title insurance company, or any institutional lender; provided, however, if such documents are modified, Seller shall provide Buyer a copy thereof, and Buyer shall have 10 days after receipt thereof to review such documents and provide Seller with any objections. If Buyer receives a copy of modifications within ten (10) days prior to the Close of Escrow, the Close of Escrow shall be extended so that Buyer has ten (10) days to review any such modification. In the event of any modification of the above-documents, Buyer shall have the right to terminate this Agreement by notice to Seller, if Buyer determines in its sole opinion that the modification of such documents is unsatisfactory to Buyer; and

(f) the documents and materials (the "Documents and Materials") enumerated on Exhibit B attached hereto and by this reference incorporated herein. If requested by Buyer, Seller shall, not later than the Close of Escrow, assign to Buyer all of Seller's interest in any of the Documents and Materials that are in the nature of a service contract (each, a "Service Contract") by means of the General Assignment referenced in Section 8(d) below.

In the event that Buyer is not fully satisfied with the Property for any reason whatsoever, Buyer shall have the right, in its sole and absolute discretion, to terminate this Agreement by written notice to the Seller within 60 calendar days after the later of (i) Effective Date or (ii) the date of receipt by Buyer of all documents and materials required under this Section 6 hereof (the "Contingency Period"), whereupon the Deposit, together with all interest thereon, if any, shall be promptly returned to Buyer and all parties hereto shall be relieved of any further obligations hereunder; provided, however, that Buyer shall be liable for and shall indemnify and hold Seller harmless against any termination fees charged by the Escrow Holder in connection with such termination.

7. Inspections and Studies: Existing Lease. Buyer acknowledges and agrees that prior to the Effective Date, Buyer was in possession of the Property under the terms of the Lease, and that prior to the Effective Date, Buyer shall have performed any and all inspections, investigations, tests and studies (including, without limitation, investigations with regard to zoning, building codes and other governmental regulations, architectural inspections, engineering tests, economic feasibility studies, soils, seismic and geologic reports, and environmental testing) with respect to the Property as Buyer may elect to make.

8. Title Objections. Prior to the end of the Contingency Period, Buyer shall advise Seller what exceptions to title are unacceptable to Buyer. Seller shall have ten (10) days after receipt of Buyer's objections to give Buyer written notice:

(a) that Seller will remove any objectionable exceptions from title and provide Buyer with evidence satisfactory to Buyer of such removal, or provide Buyer with evidence satisfactory to Buyer that said exceptions will be removed on or before the Closing; or

(b) that Seller elects not to cause such exceptions to be removed

If Seller gives Buyer notice under Section 8(b), Buyer shall have ten (10) days after Buyer's receipt of such notice to notify Seller whether it shall, at its sole option, (1) proceed to Closing, in which event the exceptions that Seller elects not to cause such exceptions to be removed shall be "Approved Exceptions", or (2) terminate this Agreement, in which event the Deposit (with interest) shall be returned to Buyer and all parties shall be released from any further liabilities or obligations hereunder. Buyer's failure to notify Seller of its election timely shall be deemed an election to proceed to Closing subject to the Approved Exceptions. Any exceptions in the title commitment to which Buyer does not object also shall be considered "Approved Exceptions". In the event Buyer gives notice of its objections pursuant to the terms hereof and Seller fails to notify Buyer in writing of its election of either of the alternatives under Section 8(a) and (b) within ten (10) days from its receipt of Buyer's objections, then it shall be conclusively presumed that Seller has elected not to cause such exceptions to be removed.

9. Title Policy. Title shall be evidenced by the Escrow Holder's title insurance underwriter (the "Title Company") issuing its standard California Land Title Association ("CLTA") Owner's Policy of Title Insurance to Buyer in an amount equal to the Purchase Price, showing title to the Property vested in Buyer, subject only to the Approved Conditions of Title (the "Title Policy"). Seller shall pay the expense of issuing the Title Policy, except as provided in this Section 9. If Buyer elects to have Escrow Holder issue its American Land Title Association ("ALTA") Extended Coverage Owner's Policy of Title Insurance, Buyer shall pay for the expense of such ALTA premium increment and any survey costs associated with such ALTA policy. In addition, Buyer shall pay for any endorsements to the Title Policy. Seller will assist Buyer in Buyer's efforts to obtain an ALTA policy (by signing standard affidavits and taking such other action as may be reasonably required by the Title Company), provided that there is no expense to Seller and obtaining an ALTA policy is not a condition to the Close of Escrow.

10. Conditions to Close of Escrow.

(a) Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions (or Buyer's written waiver thereof) for Buyer's benefit on or prior to the dates designated below for the satisfaction of such conditions, or the Close of Escrow in the absence of a specified date:

(i) Title Insurance. As of the Close of Escrow, the Title Company shall have issued or shall have committed to issue the Title Policy to Buyer.

(ii) Compliance by Seller. The fulfillment of all other conditions to the Closing and covenants contained in this Agreement by Seller, and the execution, acknowledgment (where applicable), and delivery of all documents and other items to be delivered by Seller to Buyer at the Closing pursuant to this Agreement.

(iii) Natural Hazards Disclosure Statement. No later than five (5) business days prior to the scheduled expiration of the Contingency Period, Seller shall deliver to Buyer a Natural Hazards Disclosure Statement for the Property. Buyer shall have approved the Natural Hazards Disclosure Statement and returned a signed copy thereof to Seller by the expiration of the Contingency Period.

(iv) Seller's Representations. All representations and warranties made by Seller to Buyer in this Agreement shall be, in all "material" respects, true and correct as of the Close of Escrow. The term "material" as used in this Section 10(a)(iv) shall mean causing decrease in the value of the Property in excess of two percent (2%) or substantially interfering with Buyer's intended use or enjoyment of the Property.

(b) Conditions to Seller's Obligations. The Close of Escrow and Seller's obligation to consummate the transactions contemplated in this Agreement are subject to the satisfaction of the following conditions (or Seller's written waiver thereof) for Seller's benefit on or prior to the dates designated below for the satisfaction of such conditions, or the Close of Escrow in the absence of a specified date:

(i) Buyer's Representations. All representations and warranties made by Buyer to Seller in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the Close of Escrow.

(ii) Purchase Price. Buyer shall have timely delivered the Purchase Price and other sums owing under this Agreement in good funds to Escrow Holder.

(iii) Natural Hazards Disclosure Statement. Prior to the end of the Contingency Period, Buyer shall have returned a signed copy of the Natural Hazards Disclosure Statement to the Seller, which shall be mutually acceptable to both Buyer and Seller.

(c) Failure of Conditions to Close of Escrow. If any of the conditions set forth in Section 10(a) and Section 10(b) above are not timely satisfied or waived by the appropriate benefited party for a reason other than

the default of Buyer or Seller, this Agreement shall terminate at the request of the benefited party, and the Deposit, and all accrued interest thereon and all other monies delivered to Escrow Holder by Buyer shall be promptly returned to Buyer (provided that Buyer has complied with the requirements of Section 23(r) below), and except as otherwise provided herein, the parties shall have no further obligations hereunder (excepting those obligations that are expressly intended to survive the termination of this Agreement, including, without limitation, the parties' indemnification, defense and hold harmless obligations).

11. Deposits By Seller. At least one (1) business day prior to the Close of Escrow, Seller shall deposit with the Escrow Holder the following documents:

(a) Grant Deed. The Grant Deed, duly executed and acknowledged in recordable form by Seller, conveying fee simple title to the Property to Buyer subject only to the Approved Conditions of Title.

(b) FIRPTA Certificate. A certification, acceptable to Escrow Holder, duly executed by Seller under penalty of perjury, setting forth Seller's address and federal tax identification number in accordance with and/or for the purpose of the provisions of Sections 7701 and 1445, as may be amended, of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "FIRPTA Certificate").

(c) California Franchise Tax Withholding. A certificate, acceptable to Escrow Holder, that Seller is exempt from the withholding provisions of the California Revenue and Taxation Code, as may be amended from time to time, and that neither Buyer nor Escrow Holder is required to withhold any amount from the Purchase Price pursuant to such provisions.

(d) General Assignment. An assignment (the "General Assignment"), in the form attached hereto as Exhibit C, duly executed by Seller, assigning to Buyer all of Seller's interest in (1) all warranties related to the Improvements, (2) the Inspection Reports and (3) the Services Contracts, if any are selected by Buyer; provided, however, Seller shall cooperate with Buyer as is reasonably necessary to effectuate the assignment of any warranty after the Close of Escrow, including, but not limited to, signing additional documentation, so long as Seller shall not incur any out-of-pocket expenses. The rights and obligations set forth in this section shall survive the Close of Escrow.

(e) Settlement Statement. A settlement statement reflecting the Purchase Price and all adjustments and prorations to be made thereto pursuant to this Agreement.

(f) Lease Termination Agreement. An agreement signed by Seller, confirming the termination of the Lease as of the Close of Escrow, provided that Buyer delivers a commercially reasonable form of such agreement to Seller not later than three (3) business days prior to the Close of Escrow.

(g) Other Documents. Such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

12. Deposits By Buyer. At Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder:

(a) the funds which are to be applied towards the payment of the Purchase Price (as adjusted by the prorations and credits hereinafter provided).

(b) a duly executed counterpart of the General Assignment.

(c) Settlement Statement. A settlement statement reflecting the Purchase Price and all adjustments and prorations to be made thereto pursuant to this Agreement.

(d) Lease Termination Agreement. An agreement signed by Buyer, confirming the termination of the Lease as of the Close of Escrow.

(e) Other Documents. Such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

13. Costs and Expenses. Any documentary transfer tax shall be paid by Seller, and any local transfer tax shall be equally divided between Buyer and Seller. Except as otherwise specified in this Agreement, Seller and Buyer shall equally divide (a) all escrow fees and costs, and any document recording fees. Any cost charged by Escrow Holder or Title Company which is not specifically allocated to Buyer or Seller under this Agreement shall be allocated in accordance with the prevailing custom for commercial transactions in the County, and in the absence of such custom, shall be equally divided between Seller and Buyer. Buyer and Seller shall each pay all legal and professional fees and fees of other consultants incurred by Buyer and Seller, respectively.

14. Prorations.

(a) Taxes/Assessments. All non-delinquent real estate taxes and non-delinquent assessments on the Property shall be prorated as of 11:59 p.m. on the day prior to the Close of Escrow based on the most recent information available from the assessor's office. All delinquent taxes, bonds and assessments, interest and assessments, if any, on the Property shall be paid at the Close of Escrow from funds accruing to Seller. All

supplemental taxes billed after the Close of Escrow for periods prior to the Close of Escrow shall be paid promptly by Seller to Buyer in immediately available funds

(b) Other Expenses. All other expenses for the Property (including, without limitation, those arising under the Service Contracts) shall be prorated as of 11:59 p.m. on the day prior to the Close of Escrow between the parties based upon the latest available information.

(c) Corrections. If any errors or omissions are made regarding adjustments and prorations as set forth herein, the parties shall make the appropriate corrections promptly upon discovery thereof. If any estimates are made at the Close of Escrow regarding adjustments or prorations, the party shall make the appropriate correction promptly when accurate information becomes available. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto, not later than twenty (20) days after the Close of Escrow.

15. Disbursements and other Actions by Escrow Holder. Upon Close of Escrow, Buyer and Seller shall cause the Escrow Holder to promptly undertake all of the following in the manner hereinbelow indicated.

(a) Disburse to Seller by wire transfer of funds in accordance with Seller's separate instructions, the Purchase Price and other funds owing to Seller under this Agreement, deducting therefrom all items chargeable to the account of Seller pursuant hereto.

(b) Cause the Grant Deed and any other instruments which the parties so direct, to be recorded in the Official Records of the County. Escrow Holder is instructed to request that the amount of the documentary transfer tax due be shown on a separate paper and affixed to the Deed by the Sacramento County Recorder after the permanent record is made.

(c) Deliver the Title Policy to Buyer

(d) Deliver fully executed counterparts of the General Assignment to Buyer and Seller.

16. Condition and Inspection of Property. Except as specifically provided in this Agreement, Seller makes no representation or warranty regarding the condition of the Property, its past use, or its suitability for Buyer's intended use, and the Property is sold AS-IS, WHERE-IS, WITH ALL FAULTS, AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE PROPERTY. Buyer hereby represents and warrants that Buyer is relying solely upon, and as of the Option Notice Delivery Date, Buyer shall have conducted its own independent inspection, investigation, and analysis of the Property as it deems necessary or appropriate in so acquiring the Property from Seller, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability of the Property. Buyer acknowledges and agrees that Seller has assembled the Documents and Materials to facilitate Buyer's review and analysis of the Property, but Seller has not made any representation or warranty as to, nor shall Seller have any liability whatsoever to Buyer with respect to, the completeness, accuracy or validity of any of the Documents and Materials or any other documents provided to Buyer by Seller or Seller's agents. Seller would not sell the Property to Buyer without the foregoing provision and the waiver and release contained in Section 14 hereof.

17. Property Condition Waiver. Following the Close of Escrow, Buyer waives its right to recover from Seller, and the trustees, members, managers, directors, officers, general partners, limited partners, employees and agents of Seller, and the contractors, subcontractors, architects, engineers and consultants involved in the design and construction of the Building and other improvements located on or serving the Property (collectively, "Seller's Representatives"), and hereby releases Seller and Seller's Representatives from, any and all damages, losses, liabilities, costs or expenses whatsoever (including attorneys' fees and costs) and claims therefor, whether direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way arising out of or connected with (a) the physical condition of the Property, (b) the failure of the Building or other improvements and components of the Property to comply with any law or regulation applicable thereto, and (c) the environmental condition of the Property. The foregoing waiver and release shall exclude, only those losses, liabilities, damages, costs or expenses, and claims therefor, arising from or attributable to (x) a material matter actually known to Seller (excluding constructive notice) and (1) not disclosed to Buyer and (2) not discovered by Buyer prior to the Close of Escrow, and (y) any breach by Seller of its express representations or warranties under this Agreement or the Construction Rider. In connection with foregoing waiver and release, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

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

Buyer's Initials

18. Representations and Warranties.

(a) In consideration of Buyer entering into this Agreement, Seller makes the representations and warranties set forth in this Section 18. For the purpose of this Agreement, without creating any personal liability on behalf of such individual, usage of "to Seller's actual knowledge," or words to such effect, shall mean the actual knowledge of Gregg Mason, excluding constructive knowledge or duty of inquiry, and the information contained in that certain Environmental Assessment for Parcel 48, Laguna South Business Park prepared by Lush Geosciences,

Inc., dated July 14, 2004, existing as of the Effective Date. In the event that Buyer, prior to Close of Escrow, becomes aware, from Seller or otherwise, of any inaccuracy or omission in the disclosures, information, or representations previously provided to Buyer by Seller or its consultants or agents, which will have a material, adverse impact on Buyer, the Property or the intended use of the Property, Buyer, as its sole option and remedy, may either (i) terminate this transaction and receive a refund of its Deposit, thereby waiving any claims or actions that Buyer may have against Seller as a result of such inaccuracy or omission, or (ii) proceed with the Close of Escrow hereunder, thereby waiving any rights that Buyer may have against Seller as a result of such inaccuracy or omission. Buyer agrees that, under no circumstances, shall Buyer be entitled to purchase the Property hereunder and then bring any claim or action against Seller for damages as a result of such inaccuracy or omission, except if such inaccuracy or omission is based on fraud or intentional misrepresentation by Seller.

(i) The surveys (if any), mechanical and structural plans and specifications, soil reports, contracts, guaranties, warranties, all other books and records relating to the Property, and all other contracts or documents delivered to Buyer pursuant to this Agreement or in connection with the execution hereof are true, complete, and correct copies, and are in full force and effect, without default by (or notice of default to) any party.

(ii) There are no condemnation, environmental, zoning or other land use regulation proceedings, either instituted or, to Seller's actual knowledge, planned to be instituted, that would affect the use and operation of the Property for its intended purpose or the value of the Property, nor are there any special assessment proceedings threatened or pending affecting the Property.

(iii) To Seller's actual knowledge, the Property does not contain and there has been no application, use, treatment, production, generation, discharge, disposal or storage on, from, or onto the Property, or any lot or property adjacent thereto, of any "hazardous waste," as that term is defined in the Resource Conservation and Recovery Act, the Comprehensive Environmental Resources, Compensation and Liability Act, the regulations issued pursuant thereto by the Environmental Protection Agency ("EPA") and/or superlien statute(s), if any, of the state in which the property is located, or toxic substance or any activity that could have toxic results, and there is no proceeding or inquiry threatened or pending by any government body with respect thereto. Neither any improvements or fixtures located on the Property nor the Property contain any hazardous building materials or toxic substances, including, without limitation, "asbestos," as that term is defined in regulations issued by the EPA and/or the Occupational Safety and Health Administration, lead-based paints, or polychlorinated biphenyls (PCBs)

(iv) Seller has received no notice that any special assessment of any government agency or authority, school board, utility company, or homeowners' or community association is pending, noted, or levied against all or any portion of the Property.

(v) Seller has received no notice of any violation of any law, order, or requirement issued by any government agency or authority against or affecting all or any portion of the Property, nor has Seller received any notice or request from any insurance company or Board of Insurance Underwriters (or similar organization) requesting the performance of any work or the correction of any conditions concerning the Property.

(vi) Good Standing. Seller is duly organized, validly existing, and in good standing under the laws of the state of its formation.

(vii) Authorization. This Agreement has been duly and validly authorized, executed and delivered by Seller and no other action is requisite to the execution and delivery of this Agreement by Seller.

(viii) No Threatened Actions. To Seller's actual knowledge, there are no actions, suits or proceedings pending against, or threatened or affecting the Property, in law or equity.

(ix) No Third-Party Consents Are Necessary. Other than as disclosed in this Agreement, no consents or waivers of or by any third party are necessary to permit the consummation by Seller of the transactions contemplated pursuant to this Agreement.

(x) No Condemnation. There are no pending, or, to the Seller's actual knowledge, threatened proceedings in eminent domain, which would affect the Property.

(xi) No Violation of Law. Seller has received no notification from any governmental agency that the Property is currently in violation of any laws.

(xii) No Conflicts. Neither the execution and delivery of this Agreement and documents referenced herein, nor the obligations of Seller set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Seller is a party.

(b) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer represents and warrants, each of which is material and is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), that as of the date of this Agreement and as of the Close of Escrow:

(i) Good Standing: Buyer is duly organized, validly existing, and in good standing under the laws of the state of its formation

(ii) Authorization. This Agreement has been duly and validly authorized, executed and delivered by Buyer and no other action is requisite to the execution and delivery of this Agreement by Buyer.

(iii) No Third-Party Consents Are Necessary. Except as expressly set forth herein, no consents or waivers of or by any third party are necessary to permit the consummation by Buyer of the transactions contemplated by this Agreement.

(iv) No Violation of Law. This Agreement and Buyer's performance of the obligations herein contained do not and will not contravene any provision of any present judgment, order, decree, writ or injunction, or any provision of any law or regulation currently applicable to Buyer.

(v) No Conflicts. Neither the execution and delivery of this Agreement and documents referenced herein, nor the obligations of Buyer set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party.

(c) Indemnification. The obligations of Buyer and Seller under this Section 18 shall survive the Close of Escrow. Each party hereby agrees to indemnify and hold harmless the other party, and its respective successors and assigns, partners, shareholders, officers, directors and/or employees, from and against any and all obligations, claims, demands, encumbrances, liabilities, costs, expenses, penalties, damages, and losses, including, without limitation, reasonable attorneys' fees and expenses, resulting from any misrepresentations, breach of warranty, or breach of covenant made by such party in this Agreement or in any document, certificate, or exhibit given or delivered to the other pursuant to or in connection with this Agreement and any action, suit, charge, complaint, proceeding, obligation, undertaking, or similar matter arising out of or in connection with any transaction or event involving the Property, including any violation of any federal, state or local law, ordinance or regulation, that occurred (or is alleged to have occurred) prior to the Close of Escrow, in the case of Seller being the indemnitor, or on or after the Close of Escrow, in the case of Buyer being the indemnitor. The indemnification provisions of this section shall survive beyond the delivery of the deed and transfer of title, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement. Provided, however, in no event shall either party be obligated to the other for any consequential, special or punitive damages.

19. Liquidated Damages.

(a) BUYER RECOGNIZES THAT THE PROPERTY WILL BE REMOVED BY THE SELLER FROM THE MARKET DURING THE EXISTENCE OF THIS AGREEMENT, AND THAT IF THIS AGREEMENT IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT, IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE EXTENT OF THE DETRIMENT TO SELLER. THE PARTIES HAVE DETERMINED AND AGREED THAT THE ACTUAL AMOUNT OF DAMAGES THAT WOULD BE SUFFERED BY SELLER AS A RESULT OF ANY SUCH DEFAULT IS DIFFICULT OR IMPRACTICABLE TO DETERMINE AS OF THE DATE OF THIS AGREEMENT AND THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE AMOUNT OF SUCH DAMAGES. FOR THESE REASONS, THE PARTIES AGREE THAT IF THE PURCHASE AND SALE IS NOT CONSUMMATED BECAUSE OF BUYER'S DEFAULT, THE DEPOSITS SHALL BE FORFEITED TO SELLER AS LIQUIDATED DAMAGES. NOTHING CONTAINED HEREIN SHALL IN ANY MANNER LIMIT THE AMOUNT OF DAMAGES OBTAINABLE PURSUANT TO AN ACTION UNDER ANY HOLD HARMLESS, DEFENSE OR INDEMNIFICATION PROVISION SET FORTH IN THIS AGREEMENT OR REASONABLE ATTORNEYS' FEES RECOVERABLE PURSUANT TO ANY ACTION UNDER A HOLD HARMLESS, DEFENSE OR INDEMNIFICATION SET FORTH IN THIS AGREEMENT.

Seller's Initials _____

Buyer's Initials _____

(b) If the Close of Escrow shall fail to occur because of Seller's default under this Agreement, Buyer's sole and exclusive remedies, and in substitution for any other remedies that may exist at law or in equity (including, without limitation, an action for damages), Buyer shall have the right to either: (i) terminate this Agreement, in which event the Deposit shall be returned to Buyer and the parties shall thereafter have no obligations under this Agreement or additional liability to one another, or (ii) seek specific performance to compel Seller to convey the Property to Buyer.

20. Damage Or Condemnation Prior To Closing. Seller shall promptly notify Buyer of any casualty to the Property or any condemnation proceeding commenced prior to the Close of Escrow. If any such damage or proceeding relates to or may result in the loss of any material portion of the Property, Seller or Buyer may, at their option, elect either to (a) terminate this Agreement, in which event all funds deposited into Escrow by Buyer which are held by Escrow or have been released from Escrow shall be returned to Buyer and neither party shall have any further rights or obligations hereunder, or (b) continue the Agreement in effect, in which event upon the Close of Escrow, Buyer shall be entitled to any compensation, award, or other payments or relief attributable to the Property resulting from such casualty or condemnation proceedings. If Buyer elects to accept the Property in its then condition, all proceeds of insurance or condemnation awards payable to Seller by reason of such damage, destruction, or condemnation shall be paid or assigned to Buyer, and with respect to such casualty, Seller shall either: (i) pay to Buyer or credit against the Purchase Price the amount, as reasonably determined by Buyer's

architect and reasonably acceptable to Seller, of any deductible or uninsured loss, or (ii) repair the damage to the Property to the extent of such deductible or uninsured and extend the Closing Date to accommodate such repair work. Provided, however, Seller shall not be entitled to elect to proceed under subsection (ii) above if such repairs will take more than 30 days to complete, in Seller's reasonable estimation. Seller shall make such election within ten (10) days of the date Buyer elects to accept the Property. If Seller fails to make such election, Seller shall be deemed to have elected to proceed under subsection (i) above. The risk of loss or damage to the Property caused by fire or other casualty shall be borne by the Seller until the executed deed of conveyance is delivered to Buyer and is recorded for Buyer by Escrow Holder.

21. **Brokers.** Seller represents it has not engaged nor is it aware of any person entitled to any brokerage commission or finder's fee in connection with this transaction. Buyer represents that it has not engaged any person entitled to any brokerage commission or finder's fee in connection with this transaction. Each party agrees to indemnify the other party against any claim asserted against or adjudged against the other party, for any brokerage commission or finder's fee or any like compensation occasioned by or as a result of any act or omission of each such party, including all attorney's fees, costs, expenses and any other fees incurred by, charged against or adjudicated against, the other party, whether or not suit is filed, which are related to this indemnity agreement or enforcement thereof.

22. **Exchange.** The parties to this Agreement acknowledge that either party may desire to structure the sale or the purchase of the Property as an exchange for like kind property pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, in order to defer recognition of income on the disposition of the Property and/or other properties. The parties agree to reasonably cooperate with each other to accomplish such exchange(s) and each party hereby agrees that any and all costs associated with said exchange shall be borne solely by the exchanging party and shall in no way be attributable to the non-exchanging party. In no event shall the non-exchanging party be required to take title to the exchanged property(ies) to effectuate the tax deferred exchange contemplated by this Section.

23. **Assignment.** Buyer shall not assign its right, title or interest in this Agreement to any other party without the prior written consent of Seller, which determination may be withheld in Seller's sole and absolute discretion.

24. **Miscellaneous.**

(a) **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(b) **Waivers.** No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which shall be extended by a period of time equal to the period of the delay.

(c) **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(d) **Attorneys' Fees.** If either party commences an action against the other to interpret or enforce any of the terms of this Agreement or because of the breach by the other party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses and court costs and other costs of action incurred in connection with the prosecution or defense of such action, whether or not the action is prosecuted to a final judgment. For the purpose of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, copying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings. The term "attorney" shall have the same meaning as the term "counsel". For the purposes of this Agreement, "prevailing party" includes (a) a party who dismisses an action in exchange for sums allegedly due; (b) the party that receives performance from the other party of alleged breach of covenant or a desired remedy, if it is substantially equal to the relief sought in an action; or (c) the party determined to be prevailing by a court of law.

(e) **Entire Agreement.** This Agreement (including all Exhibits attached hereto) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented, superseded, canceled or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein.

(f) **Time of Essence.** Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

(g) Relationship of Parties Nothing contained in this Agreement shall be deemed or construed by the parties to create the relationship of principal and agent, a partnership, joint venture or any other association between Buyer and Seller

(h) Construction/Exhibits Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. Unless otherwise indicated, all references to paragraphs, Sections, subparagraphs and subsections are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated herein by this reference.

(i) Governing Law The parties hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The parties hereto expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

(j) Days of Week A "business day," as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.

(k) No Obligations to Third Parties The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto to, any person or entity other than the Seller and Buyer named herein.

(l) 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 24(l), shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered (i) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (ii) upon receipt when sent by facsimile to the number set forth below (provided, however, that notices given by facsimile shall not be effective unless the receiving party delivers the notice also by one other method permitted under this Section); (iii) upon the day of delivery if the notice has been deposited in a 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 (iv) one (1) business day after the notice has been deposited with either Federal Express or United Parcel Service or other nationally recognized over night delivery service to be delivered by overnight delivery (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:

To Seller: Jackson II, LLC
c/o Jackson Properties
5665 Power Inn Road, Suite 140
Sacramento, California 95824
Attn: Gregg Mason
Phone: (916) 381-8113
Facsimile: (916) 381-3153

To Escrow Holder: _____

Attn: _____
Phone: () _____
Facsimile: () _____

To Buyer: The City of Elk Grove
8380 Laguna Palms Way
Elk Grove, California 95758
Attn: City Clerk
Phone: () _____
Facsimile: () _____

Each party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this Section 24, and that any person to be given notice actually receives such notice. Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Section. 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

(m) Representation by Legal Counsel. Notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty shall not be construed against either Seller or Buyer based upon authorship of any of the provisions of this Agreement. Seller and Buyer each hereby warrant, represent and certify to the other as follows: (i) that the contents of this Agreement have been completely and carefully read by the representing party and legal counsel for the representing party; (ii) that the representing party has been separately represented by legal counsel and the representing party is satisfied with such representation; (iii) that the representing party's legal counsel has advised the representing party of, and the representing party fully understands, the legal consequences of this Agreement; and (iv) that no other person (whether a party to this Agreement or not) has made any threats, promises or representations of any kind whatsoever to induce the execution hereof, other than the performance of the terms and provisions hereof.

(n) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

(o) Facsimile Signatures. In order to expedite the transaction contemplated herein, teletyped signatures may be used in place of original signatures on this Agreement. Seller and Buyer intend to be bound by the signatures on the teletyped document, are aware that the other party will rely on the teletyped signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the use of a facsimile signature.

(p) Confidentiality. Except as specifically provided in this Section 24(p), Buyer shall not disclose any of the terms or provisions of this Agreement prior to the Close of Escrow to any person or entity not a party to this Agreement, nor shall Buyer issue any press releases or make any public statements relating to this Agreement or Buyer's intended use of the Property. Buyer shall keep all materials provided or made available to Buyer by Seller, and all materials generated by Buyer in the course of conducting its inspections, review of books and records, and other due diligence activities relating to the Property (including, without limitation, matters relating to the environmental condition of the Property), whether obtained through documents, oral or written communications, or otherwise, in the strictest confidence, and will not prior to the Close of Escrow disclose any such information to any person other than (i) those employees and agents of Buyer who are actively and directly participating in the evaluation of the Property and the negotiation and execution of this Agreement or financing of the purchase of the Property; and (ii) governmental, administrative, regulatory or judicial authorities in the investigation of the compliance of the Property with applicable legal requirements. In the event of a breach or threatened breach by Buyer or its agents or representatives of this Section 24(p), Seller shall be entitled to an injunction restraining Buyer or its agents or representatives from disclosing, in whole or in part, such confidential information.

(q) Termination Documents. If this Agreement is terminated prior to the Close of Escrow for any reason, Buyer shall deliver to Seller the following documents and materials (collectively hereinafter referred to as the "Termination Documents"): (i) the Documents and Materials delivered to Buyer by Seller, and (ii) at no cost and without warranty as to correctness, copies of all reports, studies, maps and engineering studies that were generated by third parties for Buyer with respect to the Property, including, but not limited to, all environmental reports, surveys, marketing reports, geotechnical reports, lot studies and improvement plans. It is understood and agreed that, with respect to any provision of this Agreement which refers to the termination of this Agreement and the return of the Deposits to Buyer, such Deposits shall not be returned to Buyer unless and until Buyer has fulfilled its obligation to return to Seller the Termination Documents.

(r) Conflicts. In the event of a conflict between the terms of this Agreement and the terms of the Option Agreement, the terms of this Agreement shall control.

(s) ARBITRATION OF DISPUTES. BUYER AND SELLER AGREE THAT ANY CONTROVERSY, DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THE PROVISIONS OF THIS AGREEMENT OR THE PARTIES' MUTUAL RIGHTS AND OBLIGATIONS ARISING HERETOFORE OR HEREAFTER, OR THE PERFORMANCE OF ANY OF THE TERMS, CONDITIONS, COVENANTS, REPRESENTATIONS OR WARRANTIES CONTAINED IN THIS AGREEMENT, SHALL BE FINALLY SETTLED BY BINDING ARBITRATION IN ACCORDANCE WITH AND UNDER THE RULES OF PRACTICE AND PROCEDURE FOR ARBITRATION HEARINGS OF JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. ("JAMS"), OR ITS SUCCESSOR IN SACRAMENTO, CALIFORNIA. THE PARTIES MAY AGREE UPON A RETIRED JUDGE FROM THE JAMS PANEL. IF THEY ARE UNABLE TO AGREE, JAMS SHALL PROVIDE A LIST OF THREE AVAILABLE JUDGES AND EACH PARTY MAY STRIKE ONE. THE REMAINING JUDGE SHALL SERVE AS THE ARBITRATOR. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO GRANT INJUNCTIVE AND/OR OTHER EQUITABLE RELIEF. THE ARBITRATOR SHALL NOT HAVE THE POWER TO COMMIT ERRORS OF LAW OR LEGAL REASONING AND THE APPROPRIATE COURT SHALL HAVE THE AUTHORITY TO REVIEW THE AWARD FOR ERRORS OF FACT, LAW OR LEGAL REASONING. THE AWARD MAY ALSO BE VACATED OR CORRECTED PURSUANT TO THE CALIFORNIA CODE OF CIVIL PROCEDURE FOR ANY SUCH ERROR. IF AND WHEN A DEMAND FOR ARBITRATION IS MADE BY EITHER PARTY, THE PARTIES AGREE TO EXECUTE A SUBMISSION AGREEMENT, PROVIDED BY JAMS, SETTING FORTH THE RIGHTS OF THE PARTIES AND THE RULES AND PROCEDURES TO BE FOLLOWED AT THE ARBITRATION HEARING; PROVIDED, HOWEVER, THAT (i) THE ARBITRATION SHALL TAKE PLACE IN SACRAMENTO, CALIFORNIA; (ii) THE ARBITRATOR SHALL APPLY THE RULES OF EVIDENCE AND SUBSTANTIVE LAW OF THE STATE OF CALIFORNIA; (iii) THE ARBITRATOR SHALL RENDER WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW; (iv) THE PARTIES SHALL BE ENTITLED TO CONDUCT SUCH PRE-HEARING DISCOVERY AS MAY BE REASONABLE AND APPROPRIATE; (v) REMEDIES WHICH THE ARBITRATOR SHALL HAVE THE AUTHORITY TO

GRANT SHALL BE LIMITED TO THE SAME REMEDIES WHICH COULD OTHERWISE BE IMPOSED BY A COURT OF LAW. SUCH ARBITRATION SHALL BE THE SOLE REMEDY AVAILABLE TO THE PARTIES. THE PREVAILING PARTY IN ANY ARBITRATION OR LITIGATION SHALL BE ENTITLED TO RECOVER ALL ATTORNEYS' FEES AND COSTS INCURRED IN CONNECTION WITH SUCH PROCEEDINGS. JUDGMENT ON ANY AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Seller's Initials _____ Buyer's Initials _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

SELLER:

Jackson II, LLC,
a California limited liability company

By: _____
John M. Jackson, Jr.,
Managing Member

Date: _____

BUYER:

City of Elk Grove, a municipal corporation

By: _____
Its: _____
Date: _____

RECOMMENDED FOR APPROVAL:

By: _____
Real Property Manager

Date: _____

APPROVED AS TO FORM:

By _____
Anthony Manzanetti, City Attorney

Date: _____

ATTEST:

By: _____
City Clerk

Date: _____

EXHIBIT B

**List of Documents and Materials to be provided to Buyer for Due Diligence,
per Section 7(a)(iv) of the Agreement**

1. All "as built" drawings and specifications including:
 - (1) Architectural
 - (2) Civil
 - (3) Mechanical
 - (4) Electrical
 - (5) Plumbing
 - (6) Landscape
 - (7) Structural
2. Copy of preventative maintenance schedule
3. Copies of all equipment warranties related to the Improvements
4. Copies of all Service Contracts.

EXHIBIT C

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT ("Assignment") is dated as of _____, 20__, and is entered into by and between Jackson II, LLC, a California limited liability company ("Assignor"), and the City of Elk Grove, a California municipal corporation ("Assignee"), with reference to the following facts:

RECITALS

A. Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions ("Agreement") dated _____, 20__, providing for the purchase by Assignee from Assignor of certain real property (the "Property") described in the Agreement.

B. Assignor has entered into, or is otherwise bound by, certain contracts ("Service Contracts") in connection with the Property which Assignor has agreed to assign to Assignee upon Assignee's purchase of the Property. A list of the Service Contracts is attached hereto as Schedule 1.

C. Assignor is the beneficiary of certain warranties related to the Improvements ("Warranties") which Assignor has agreed to assign to Assignee upon Assignee's purchase of the Property. A list of the Warranties is attached hereto as Schedule 2.

D. This Assignment is executed to effectuate the transfer to Assignee of all of Assignor's rights, title and interest in and to the Service Contracts, the Inspection Reports and the Warranties pursuant to the provisions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignment and Acceptance.

(a) Assignor hereby remises, releases and quitclaims to Assignee, without warranty or recourse, all of Assignor's right, title and interest in and to the Service Contracts.

(b) Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Warranties.

(c) Assignee hereby accepts the foregoing assignment and agrees to keep, perform and fulfill all of the terms, covenants, conditions, duties and obligations which are required to be kept, performed and fulfilled by the Assignor under the Service Contracts.

2. Indemnification by Assignee. Assignee shall indemnify, defend and hold Assignor harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including, without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Service Contracts subsequent to the date of this Assignment.

3. Indemnification by Assignor. Assignor shall indemnify, defend and hold Assignee harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including, without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Service Contracts prior to the date of this Assignment.

4. Covenants of Further Assurances. Assignor and Assignee each agree to execute such other documents and perform such other acts as may be necessary or desirable to effectuate this Assignment.

5. Attorneys' Fees. In the event of any action or suit by either party hereto against the other arising from or interpreting this Agreement, the prevailing party in such action or suit shall, in addition to such other relief as may be granted, be entitled to recover its costs of suit and actual attorneys' fees.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

Jackson II, LLC,
a California limited liability company

By: _____
John M. Jackson, Jr.,
Managing Member

Date: _____

ASSIGNEE:

City of Elk Grove, a municipal corporation

By: _____
Its: _____
Date: _____

RECOMMENDED FOR APPROVAL:

By: _____
Real Property Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Anthony Manzanetti, City Attorney

Date: _____

ATTEST:

By: _____
City Clerk

Date: _____

SCHEDULE 1 TO EXHIBIT C

List of Service Contracts

SCHEDULE 2 TO EXHIBIT C

List of Warranties

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2007-54**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) **ss**
CITY OF ELK GROVE)

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on February 28, 2007 by the following vote:


AYES : COUNCILMEMBERS: Cooper, Leary, Davis, Scherman, Hume

NOES: COUNCILMEMBERS: None

ABSTAIN : COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None





**Peggy E. Jackson, City Clerk
City of Elk Grove, California**