

**PROPERTY CONVEYANCE AGREEMENT AND JOINT ESCROW INSTRUCTIONS**

between

CITY OF SACRAMENTO,

SBH REAL ESTATE GROUP LLC,

SBH NATOMAS LLC,

SBH DOWNTOWN LLC,

and

SG DOWNTOWN LLC

Dated as of: May 20, 2014

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## EXHIBITS AND SCHEDULES

Exhibits A-1, A-2, A-3	Property
Exhibit A-4	ROFR Parcel
Exhibit B	Form of Grant Deed for City Parcels
Exhibit C	Form of Grant Deed for ESC Land
Exhibit D	Transferor's Certificate of Non-Foreign Status
Exhibit E	Provided Property Documents
Exhibit F	Form of General Assignment and Bill of Sale
Schedule 20.2(D)	Litigation

## PROPERTY CONVEYANCE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This PROPERTY CONVEYANCE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made and entered into as of May 20, 2014 (the "**Effective Date**"), between the CITY OF SACRAMENTO, a municipal corporation of the State of California (the "**City**"), SBH Downtown LLC, a Delaware limited liability company ("**SBH Downtown**"), SBH Natomas LLC, a Delaware limited liability company ("**SBH Natomas**"), SBH Real Estate Group LLC, a Delaware limited liability company ("**SBH REG**"), and SG Downtown LLC, a Delaware limited liability company ("**SG**"). SBH Downtown, SBH Natomas, SBH REG, and SG are collectively referred to herein as the "**SBH Parties**." The City and the SBH Parties are sometimes referred to in this Agreement as the "**Parties**" and each as a "**Party**."

### **BACKGROUND**

Sacramento Basketball Holdings LLC, a Delaware limited liability company ("**SBH**") is the parent company of Sacramento Downtown Arena LLC ("**ArenaCo**"), Sacramento Kings Limited Partnership ("**TeamCo**"), and the SBH Parties.

TeamCo owns the National Basketball Association ("**NBA**") franchise currently known as the Sacramento Kings (the "**Team**").

The City and SBH approved the non-binding Sacramento Entertainment and Sports Center Term Sheet dated March 23, 2013 (the "**Term Sheet**"), setting forth the City and SBH's desires and intentions regarding (i) the development of a proposed entertainment and sports center (the "**Arena**") on the land located in downtown Sacramento between 3<sup>rd</sup> and 7<sup>th</sup> Streets and J and L Streets (the "**Downtown Plaza**") that will serve as the Team's home venue and be used to host the Team's home games, as well as family shows, concerts, community-oriented events, and other sporting and entertainment events; (ii) the ownership, financing, design, development, construction, occupancy, use, maintenance, and operation of the Arena (the "**Arena Project**"); (iii) the redevelopment of the Downtown Plaza by HoldCo or its Affiliates; and (iv) certain other matters.

Concurrently with the Parties' execution of this Agreement, the City, SBH, TeamCo, and ArenaCo are entering into the Comprehensive Project Agreement for the Sacramento Entertainment and Sports Center (the "**Comprehensive Agreement**"), the Arena Management, Operations, and Lease Agreement, dated as of the Effective Date (the "**Arena Agreement**") and all other "**Project Agreements**" (as such term is defined in the Comprehensive Agreement).

The Property that is the subject of this Agreement (the "**Property**") consists of the "**ESC Land**" described in Exhibit A-1 and the "**City Parcels**" described in Exhibits A-2 and A-3. The City Parcels consist of the "**Natomas Land**" and the "**Non-Natomas Land**," as shown on Exhibits A-2 and A-3, respectively, and presently owned by the City (or RASA, as defined below); provided, however, that upon replacement of any portion of the City Parcels with RASA Parcel Replacement Property pursuant to Section 1.4, such RASA Parcel Replacement Property shall

become a City Parcel for purposes of this Agreement. It is understood that the ESC Land is presently an unsubdivided portion of land generally located in downtown Sacramento between 3rd and 7th Streets and J and L Streets owned by SG.

The transfers of the ESC Land and the City Parcels each include the transferring Party's right, title, and interest in and to all rights, privileges, easements, and appurtenances benefiting such Property, including, but not limited to, all mineral and water rights and all easements, rights-of-way, and other appurtenances used or connected with the use or enjoyment of such Property, as well as the personal property described in the General Assignment (as defined below).

The Parties desire to enter into this Agreement, pursuant to which (i) SG will transfer the ESC Land to City to enable construction of the Arena, and (ii) the City will transfer the City Parcels to the SBH Grantees and grant to SBH REG a right of first refusal on the ROFR Parcel to assist SBH's efforts to finance the development of the Arena and SBH REG's and its Affiliates' efforts to redevelop the Downtown Plaza, in each case on the terms and conditions set forth in this Agreement.

Therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Conveyance of City Parcels; City Acquisition of RASA Parcel.**

- 1.1 Conveyance of City Land.** The City hereby agrees to transfer the Natomas Land to SBH Natomas and the Non-Natomas Land to SBH Downtown (such transferees are collectively referred to herein as the "**SBH Grantees**") pursuant to the terms and conditions set forth in this Agreement. Such conveyance will occur on the City Parcels Closing Date, as set forth in this Agreement.
- 1.2 Deemed Contribution.** The Parties acknowledge and agree that the conveyance of the City Land by the City to the SBH Grantees constitutes a contribution that will assist SBH, SBH REG and their Affiliates in financing the development of the Arena and redeveloping the Downtown Plaza.
- 1.3 SBH Parties' Covenant of Use.** Each SBH Party represents, warrants and covenants to City that (i) the SBH Grantees intend to use the City Parcels for activities that will over time generate additional income for the SBH Parties, and (ii) during the term of the Arena Agreement, the use of the City Parcels by the SBH Grantees and their Affiliates will be consistent with the economic development that City intends for the area surrounding the City Parcels. This Section shall survive the City Parcel Closing.
- 1.4 Acquisition of RASA Parcel.** One or more of the parcels of the Non-Natomas Land (collectively, the "**RASA Parcel**") is owned by the Redevelopment Agency

Successor Agency ("**RASA**"). The appraised value of the RASA Parcel is \$1,640,000 ("**RASA Parcel Value**"). The City represents and warrants that RASA has agreed to transfer the RASA Parcel to the City, subject to obtaining approval from the State of California Department of Finance, which may delay the transfer of the RASA Parcel from the City to SBH Downtown. The City will use its commercially reasonable efforts to obtain the RASA Parcel as promptly as practicable after the Effective Date. In the event the RASA Parcel is not transferred to SBH Downtown within 18 months following the Effective Date, City staff shall attempt to locate one or more alternative replacement City-owned properties acceptable to ArenaCo in its reasonable discretion of a value equal to or greater than the RASA Parcel Value ("**RASA Parcel Replacement Property**"). The City shall maintain sole discretion to approve or deny any alternative City-owned properties as a RASA Parcel Replacement Property, provided that ArenaCo shall retain its right to acquire one or more City-owned properties of equivalent value as a RASA Parcel Replacement Property. The Parties shall agree on the value of the RASA Parcel Replacement Property using an appraisal methodology reasonably agreed upon by the Parties. Once approved by the City, the RASA Parcel shall be replaced by the RASA Parcel Replacement Property, and promptly transferred to SBH Downtown. The RASA Parcel Replacement Property shall be deemed to be a portion of the RASA Parcel and the City Parcels in all respects for purposes of this Agreement, including without limitation the process for closing the conveyance of the RASA Parcel.

**2. Conveyance of ESC Land.** SG hereby agrees to transfer the ESC Land to City pursuant to the terms and conditions set forth in this Agreement. Such conveyance will occur on the ESC Land Closing Date, as set forth in this Agreement. The SBH Parties hereby agree that the ability to finance, construct, and operate the Arena in accordance with the Project Agreements is sufficient consideration for the grant to City of the ESC Land, subject to the rights of the SBH Parties in, to and in respect of the ESC Land as set forth in the Project Agreements. To establish a land value for the ESC Land as contemplated by Section 18 of this Agreement, no later than October 1, 2014, the Parties shall agree on the value of the ESC Land using an appraisal methodology reasonably agreed upon by the Parties (the "**ESC Land Value**").

**3. Escrow and Closing.**

**3.1 Opening of Escrow.** The escrow ("**Escrow**") shall be deemed opened on the date that Escrow Holder receives a copy of this Agreement fully executed by the Parties. Escrow Holder shall promptly notify the Parties in writing of the date the Escrow is opened. The Parties agree to execute, deliver and abide by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transactions contemplated hereby; provided, however, no such instructions or instruments shall conflict with, amend or supersede any portion hereof. If there is any

conflict or inconsistency between the terms of such instruments and the terms hereof, then the terms hereof shall control.

- 3.2 ESC Land Closing.** Consummation of the transactions related to the ESC Land contemplated by this Agreement (the "**ESC Land Closing**"), and delivery of all items to be made at the ESC Land Closing (which shall include without limitations the items to be delivered for the City Parcels Closing, which will be held in Escrow pending the satisfaction of the GMP Condition), shall occur on a date within 5 business days after the satisfaction or waiver of each and every ESC Land Contingency, or such other date as is mutually agreed upon by the Parties (the "**ESC Land Closing Date**"). The Parties shall coordinate to determine the status of any ESC Land Contingencies that have not been satisfied or waived, and the date on which all ESC Land Contingencies have been satisfied or waived.
- 3.3 City Parcels Closing; Lots X and Y Parking Facilities.** Consummation of the transactions related to the City Parcels contemplated by this Agreement (the "**City Parcels Closing**"; City Parcels Closing and ESC Land Closing are collectively referred to herein as the "Closings") shall occur on the date that is 3 business days after satisfaction of the City Parcels Contingencies and the GMP Condition (the "**City Parcels Closing Date**"). It is anticipated that the City Parcels Closing Date will be on or before October 1, 2014. Notwithstanding the foregoing, if the only remaining City Parcels Contingency not satisfied is the RASA Parcel Receipt Condition, (i) the Parties shall proceed to the City Parcels Closing and transfer the City Parcels, excluding the RASA Parcel, and (ii) upon satisfaction of the RASA Parcel Receipt Condition, the City shall provide the SBH Parties with written notice of the date on which the closing of transfer of the RASA Parcel shall occur, and the Parties shall follow the closing procedures set forth in this Agreement in the same manner required to be followed for the City Parcels Closing. The notice for the closing of the RASA Parcel shall be provided by City no less than ten (10) business days prior to the closing date for the RASA Parcel. The portions of the City Parcels commonly known as Lot X and Lot Y are currently being used by the City for surface parking. The Parties are currently discussing whether to enter into an agreement whereby the City would operate and manage such parking facilities on behalf of ArenaCo, SG or any of their Affiliates after the City Parcels Closing (the "**Interim Lot XY Agreement**"). The Interim Lot XY Agreement shall be on terms consistent with those included in that certain Agreement for Interim Parking Operations Management between the City and ArenaCo, dated as of the Effective Date, but taking into account that Lot X and Lot Y are used for surface parking and not underground garage parking. The Parties acknowledge and agree that if the Parties do not enter into the Interim Lot XY Agreement prior to the City Parcels Closing, the City shall have the right and obligation to remove at City's cost all such parking equipment and related infrastructure within 20 days after the City Parcels Closing. The SBH Parties acknowledge and agree further that the parking facilities serve the Crocker Art

Museum. Accordingly, subject to the Interim Lot XY Agreement, the SBH Parties covenant to operate and manage Lot X and Lot Y as parking lots (at a minimum providing adequate parking for the Crocker Art Museum on Lot X and Lot Y substantially similar to such parking provided as of the City Parcels Closing Date) commencing on the City Parcels Closing Date and terminating on the date that the SBH Parties receive approvals to redevelop Lot X or Lot Y to an alternative use (which shall be evidenced by the issuance of a demolition or grading permit in connection with such redevelopment); provided that the termination of the obligations shall only apply to the extent of the portions of Lot X or Lot Y so approved for demolition and redevelopment. The provisions in this Section regarding (x) the RASA Parcel, (y) the City's right to remove the parking equipment and related infrastructure from the City Parcels, and (z) the SBH Parties' obligation to operate and manage the parking facilities as described herein, shall survive the ESC Land Closing and the City Parcels Closing. For the avoidance of doubt, if this Agreement and the other Project Agreements are terminated after the City Parcels Closing, then the City shall retain ownership of the ESC Land and the SBH Grantees shall retain ownership of the City Parcels.

#### **4. Remedies.**

**4.1 SBH Parties Default.** Each of the following events will, unless otherwise expressly agreed by the City in writing, constitute an "**SBH Parties Default**" under this Agreement: (i) any SBH Party materially breaches or fails to comply with any material provision of this Agreement applicable to the SBH Parties, and such breach or noncompliance continues for a period of 30 days after written notice thereof by the City to the SBH Parties; or (ii) any SBH Party files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any applicable laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such applicable laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or involuntary proceedings under any such applicable laws or for the dissolution of any SBH Party are instituted against the SBH Party, or a receiver or trustee is appointed for the ESC Land or for all or substantially all of any SBH Party's property, and such involuntary proceedings or dissolution proceedings are not dismissed or such receivership or trusteeship vacated within 90 days after such institution or appointment.

**4.2 City's Remedies.** If any SBH Parties Default occurs, the City shall have the right, at the City's election, to sue the SBH Parties for and obtain damages, specific performance, other equitable relief, or any combination of the foregoing. Exercise of any of such remedies shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Agreement or otherwise available to the City at law or in equity, except as otherwise expressly stated herein:

- 4.3 City Default.** Each of the following events will, unless otherwise expressly agreed by the SBH Parties in writing, constitute a "**City Default**" under this Agreement: (i) the City materially breaches or fails to comply with any material provision of this Agreement applicable to the City, and such breach or noncompliance continues for a period of 30 days after written notice thereof by the SBH Parties to the City; or (ii) the City files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any applicable laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such applicable laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or involuntary proceedings under any such applicable laws or for the dissolution of the City are instituted against the City, or a receiver or trustee is appointed for all or substantially all of the City's property, and such involuntary proceedings or dissolution proceedings are not dismissed or such receivership or trusteeship vacated within 90 days after such institution or appointment.
- 4.4 SBH Parties' Remedies.** If any City Default occurs, the SBH Parties shall have the right, at the SBH Parties' election, to sue the City for and obtain damages, specific performance, other equitable relief, or any combination of the foregoing, to exercise any one or more of the following remedies. Exercise of any of such remedies shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Agreement or otherwise available to the SBH Parties at law or in equity, except as otherwise expressly stated herein.
- 5. Delivery of Property Documents.** By its execution hereof, (a) the City acknowledges that it has received (or otherwise had made available to it) the documents and other materials relating to the ESC Land, and (b) each SBH Party acknowledges that it has received (or otherwise had made available to it) the documents and other materials relating to the City Parcels, all as set forth on Exhibit E attached hereto (collectively, the "**Property Documents**"). Prior to the ESC Land Closing and the City Parcels Closing, the Parties shall also deliver such other disclosure reports applicable to the ESC Land and the City Parcels, respectively, as are required by law.
- 6. ESC Land Title.**
- 6.1 Title.** City has received from the Title Company a pro forma title report (the "**City Title Report**") describing the title to the ESC Land, together with one copy of each of the exceptions to title (the "**ESC Land Exceptions**") included in the City Title Report. City has also received a pro forma title report for all "Arena Land" (as such term is defined in the Arena Management, Operations, and Lease Agreement being executed by the City and ArenaCo concurrently herewith) other than the ESC Land. On or before thirty (30) days after the Effective Date ("**Review Period**") City shall notify the SBH Parties in writing of any ESC Land Exceptions that City disapproves of. If City fails to deliver written notice to the

SBH Parties of its disapproval of any ESC Land Exceptions on or before the expiration of the Review Period, then all such items shall be deemed approved by City. If City timely notifies the SBH Parties of its disapproval of any ESC Land Exceptions, then the SBH Parties shall have ten (10) calendar days after receipt of such notice to advise City in writing of any ESC Land Exceptions that the SBH Parties are unable or unwilling to remove on or before the ESC Land Closing. If City fails to approve in writing, within ten (10) calendar days of receiving such notice from the SBH Parties, any ESC Land Exceptions that the SBH Parties are unable or unwilling to remove on or before the ESC Land Closing, and City thereby is unable to obtain the City Financing, then City or the SBH Parties, may by written notice to the other and the Title Company, terminate this Agreement and, unless otherwise provided herein, the rights and obligations of the Parties. If the SBH Parties agree to remove one or more ESC Land Exceptions and fail to do so on or before the ESC Land Closing, such failure shall constitute an SBH Parties Default hereunder. Each ESC Land Exception (and ESC Land New Exceptions below) approved (or deemed approved) by City, shall be an "**ESC Land Permitted Exception**." Notwithstanding anything to the contrary contained herein, the SBH Parties agree that on or prior to the ESC Land Closing, the SBH Parties shall cause to be reconveyed and removed from title of the ESC Land (and deleted as an exception to the City's Title Policy (defined below)) that certain Fee and Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing between SG Downtown LLC, Chicago Title Company and Goldman Sachs Bank USA, dated January 22, 2014, and recorded in the Sacramento County Clerk and Recorder's Office at Book 20140122 and Page 0840 ("**Goldman Deed of Trust**").

- 6.2 Updates to Title.** At any time on or after the Effective Date, City shall be entitled to cause the Title Company to issue a revised City Title Report (the "**Revised City Title Report**"), which shall include any new exceptions not created by or with the consent of City that did not appear on the City Title Report (or any updates thereto), together with one copy of each of such additional exceptions (the "**ESC Land New Exceptions**") set forth in the Revised City Title Report. Within ten (10) calendar days after City's receipt of the Revised City Title Report, City shall notify the SBH Parties in writing of any ESC Land New Exceptions indicated in the Revised City Title Report that City disapproves of. If City fails to deliver written notice to the SBH Parties of its disapproval of any ESC Land New Exceptions indicated on the Revised City Title Report within said ten (10) calendar day period, then all such items shall be deemed approved by City. If City timely notifies the SBH Parties of its disapproval of any ESC Land New Exceptions, then the SBH Parties shall have ten (10) calendar days after receipt of such notice to advise City in writing of any ESC Land New Exceptions that the SBH Parties are unable or unwilling to remove on or before the ESC Land Closing; the unwillingness or inability on the part of the SBH Parties to remove any ESC Land New Exception shall not be an SBH Party Default. If City fails to approve in

writing, within ten (10) calendar days of receiving such notice from the SBH Parties, any ESC Land New Exceptions that the SBH Parties are unable or unwilling to remove on or before the ESC Land Closing, then City or the SBH Parties, may by written notice to the other and the Title Company, terminate this Agreement and, unless otherwise provided herein, the rights and obligations of the parties hereunder. If the SBH Parties agree to remove one or more ESC Land New Exceptions and fail to do so on or before the ESC Land Closing, such failure shall constitute an SBH Parties Default hereunder.

## 7. City Parcels Title.

**7.1 Title.** The SBH Parties have received from the Title Company a pro forma title report (the "**SBH Title Report**") describing the title to the City Parcels, together with one copy of each of the exceptions to title (the "**City Parcel Exceptions**") included in the SBH Title Report. The SBH Parties have until the expiration of the Review Period to notify City in writing of any City Parcel Exceptions that the SBH Parties disapprove of. If the SBH Parties fail to deliver written notice to City of their disapproval of any City Parcel Exceptions on or before the expiration of the Review Period, then all such items shall be deemed approved by City. If the SBH Parties timely notify City of their disapproval of any City Parcel Exceptions, then City shall have ten (10) calendar days after receipt of such notice to advise the SBH Parties in writing of any City Parcel Exceptions that City is unable or unwilling to remove on or before the City Parcels Closing. If the SBH Parties fail to approve in writing, within ten (10) calendar days of receiving such notice from the City, those City Parcel Exceptions that City is unable or unwilling to remove on or before the City Parcels Closing, and thereby the SBH Parties are unable to obtain the ArenaCo Loan, then City or the SBH Parties, may by written notice to the other and the Title Company, terminate this Agreement and, unless otherwise provided herein, the rights and obligations of the Parties. If City agrees to remove one or more City Parcels Exceptions and fails to do so on or before the City Parcels Closing, such failure shall constitute a City Default hereunder. Each City Parcel Exception (and City Parcel New Exceptions below) approved (or deemed approved) by the SBH Parties shall be a "**City Parcel Permitted Exception.**"

**7.2 Updates to Title.** At any time on or after the Effective Date, the SBH Parties shall be entitled to cause the Title Company to issue a revised SBH Title Report (the "**Revised SBH Title Report**"), which shall include any new exceptions not created by or with the consent of the SBH Parties that did not appear on the SBH Title Report (or any updates thereto), together with one copy of each of such additional exceptions (the "**City Parcel New Exceptions**") set forth in the Revised SBH Title Report. Within ten (10) calendar days after the SBH Parties' receipt of the Revised SBH Title Report, the SBH Parties shall notify City in writing of any City Parcel New Exceptions indicated in the Revised SBH Title Report that the

SBH Parties disapprove of. If the SBH Parties fail to deliver written notice to City of their disapproval of any City Parcel New Exceptions indicated on the Revised SBH Title Report within said ten (10) calendar day period, then all such items shall be deemed approved by the SBH Parties. If the SBH Parties timely notify City of its disapproval of any City Parcel New Exceptions, then City shall have ten (10) calendar days after receipt of such notice to advise the SBH Parties in writing of any City Parcel New Exceptions that City is unable or unwilling to remove on or before the City Parcels Closing; the unwillingness or inability on the part of the City to remove any City Parcel New Exception shall not be a City Default. If the SBH Parties fail to approve in writing, within ten (10) calendar days of receiving such notice from City, those City Parcel New Exceptions that City is unable or unwilling to remove on or before the City Parcels Closing, then City or the SBH Parties, may by written notice to the other and the Title Company, terminate this Agreement and, unless otherwise provided herein, the rights and obligations of the parties hereunder. If City agrees to remove one or more City Parcel New Exceptions and fails to do so on or before the City Parcels Closing, such failure shall constitute a City Default hereunder.

- 8. City's Contingencies For ESC Land Closing.** The ESC Land Closing and City's obligation to consummate the transactions related to the ESC Land contemplated hereby are subject to the satisfaction (or waiver by City) of the following conditions precedent (collectively, "**City ESC Land Contingencies**"), which are for City's benefit only:

- 8.1 City's Title Policy.** Title Company shall, subject only to payment by the SBH Parties of Title Company's agreed upon premium, have irrevocably agreed to issue to City an ALTA owner's policy of title insurance ("**City's Title Policy**"), in the initial amount of approximately \$35,000,000 or such other amount reasonably determined by City and the SBH Parties (with an endorsement from the Title Company whereby it agrees to upsize the insurance amount up to \$477,000,000 as construction of the Arena progresses or as otherwise required to comply with the requirements of the City Financing Documents (as such term is defined in the Funding Agreement)) as to the Arena Land, showing fee title to the Arena Land vested solely in City, and subject only to (i) the standard, preprinted exceptions to City's Title Policy; (ii) matters affecting the Arena Land created by or with the written consent of City and any exceptions to title that directly arise from the fact that a portion of the Arena Land is controlled by City pursuant to an order of possession rather than fee title; (iii) with respect to the ESC Land, the ESC Land Permitted Exceptions; and (iv) with respect to Arena Land other than the ESC Land, all matters of record. City acknowledges that simultaneously with the ESC Land Closing, the Parties will be recording the final map described in (e) below and encumbering the ESC Land with the Arena Agreement, the ArenaCo Loan and certain other Project Agreements.

- 8.2 Closing of City Financing.** The City and JPA shall have "Signed the Initial Financing Document" as contemplated by (and as such term is defined in) the Funding Agreement, or be doing so simultaneously with the ESC Land Closing.
- 8.3 Closing of ArenaCo Financing.** ArenaCo shall have "Closed the ArenaCo Loan" as contemplated by (and as such term is defined in) the Funding Agreement, or be doing so simultaneously with the ESC Land Closing. It is anticipated that the City Signing of Initial City Financing Document and ArenaCo Closing the ArenaCo Loan will occur simultaneously.
- 8.4 Removal of the Goldman Deed of Trust.** The Goldman Deed of Trust shall have been removed from title and reconveyed as described in Section 6.1 above.
- 8.5 Release of Lot G From Master Leases.** The Parking Facilities commonly known as Downtown Plaza West (Facility G) shall have been released from the Master Site Lease and Master Project Lease (as such terms are defined in the Arena Parking Management Agreement between the City and ArenaCo, dated as of the Effective Date), it being understood that pursuant to the terms of such Arena Parking Management Agreement, the City has provided a covenant to cause such condition to be satisfied no later than the seventy (70) days after the Effective Date. The foregoing condition shall terminate automatically and no longer constitute a City ESC Land Contingency as of the date that is seventy (70) days after the Effective Date.
- 8.6 Aggregation of Arena Land; Recordation of Map.** The Arena Land shall have been, or will be simultaneously with the ESC Land Closing, aggregated into a single parcel pursuant to and as evidenced by the recordation of a final map therefor, in accordance with the State of California's Subdivision Map Act (as will be supplemented and implemented with the City's subdivision ordinance) supplementing and implementing the same.
- 8.7 Compliance by the SBH Parties.** The SBH Parties shall have observed or complied in all material respects with each and every condition and covenant of this Agreement to be observed or complied with by the SBH Parties (including without limitation, those required under Sections 12, 13, 14, 15, 16 and 17 hereof).
- 8.8 Ratification.** Each SBH Party shall have ratified the enforceability and the full force and effect of the Project Documents.
- 8.9 Representations and Warranties.** All representations and warranties of the SBH Parties contained herein shall be materially true and correct as of the date made and as of the ESC Land Closing (excluding any representations and warranties of the SBH Parties that are specific to the City Parcels) with the same effect as if

those representations and warranties were made at and as of the ESC Land Closing.

- 9. SBH Parties' Contingencies For ESC Land Closing.** The ESC Land Closing and the SBH Parties' obligations to consummate the transactions related to the ESC Land contemplated hereby are subject to the timely satisfaction (or waiver by one or more SBH Parties) of the following conditions precedent ("**SBH ESC Land Contingencies**"; City ESC Land Contingencies and SBH ESC Land Contingencies are herein collectively referred to as the "**ESC Land Contingencies**"), which are for the SBH Parties' benefit only:
- 9.1 Closing of City Financing.** The City and JPA shall have Signed the Initial Financing Document as contemplated by the Funding Agreement, or be doing so simultaneously with the ESC Land Closing.
- 9.2 Closing of ArenaCo Financing.** ArenaCo shall have Closed the ArenaCo Loan as contemplated by the Funding Agreement, or be doing so simultaneously with the ESC Land Closing, and the Goldman Deed of Trust shall have been removed from title and reconveyed as described in Section 6.1 above.
- 9.3 Aggregation of Arena Land; Recordation of Map.** The City shall have aggregated, or shall simultaneously be aggregating at the ESC Land Closing, the Arena Land into a single parcel pursuant to and as evidenced by the recordation of a final map therefor, in accordance with the State of California's Subdivision Map Act and the City's subdivision ordinance supplementing and implementing the same.
- 9.4 Release of Lot G From Master Leases.** The Parking Facilities commonly known as Downtown Plaza West (Facility G) shall have been released from the Master Site Lease and Master Project Lease.
- 9.5 Plaza Operations Agreements.** Macy's West Stores, Inc. shall have delivered to SG and ArenaCo amendments to the Plaza Operations Agreements (as defined in the Design and Construction Agreement), an agreement or an estoppel certificate, in any case in form and substance reasonably acceptable to SG and ArenaCo, pursuant to which Macy's West Stores, Inc. agrees to the performance of the Construction Work (as defined in the Design and Construction Agreement).
- 9.6 Compliance by City.** City shall have observed and complied in all material respects with each and every condition and covenant of this Agreement to be observed or complied with by City (including without limitation, those required under Sections 12, 13, 14, 15, 16 and 17 hereof).
- 9.7 Ratification.** City shall have ratified the enforceability and the full force and effect of the Project Documents.

- 9.8 Representations and Warranties.** All representations and warranties of City contained in this Agreement shall be materially true and correct as of the date made and as of the Closing (excluding any representations and warranties of City that are specific to the City Parcels) with the same effect as if those representations and warranties were made at and as of the City Parcels Closing.
- 10. City's Contingencies For City Parcels Closing.** The City Parcels Closing and City's obligation to consummate the transactions related to the City Parcels contemplated hereby are subject to the satisfaction (or waiver by City) of the following conditions precedent (collectively, "**City Contingencies for City Parcels**"), which are for City's benefit only:
- 10.1 ESC Land Closing.** The ESC Land Closing shall have occurred.
- 10.2 Receipt of RASA Parcel.** Subject to Section 3, as to the RASA Parcel only, RASA shall have received approval from the State of California Department of Finance to transfer the RASA Parcel to City, and RASA shall have conveyed the RASA Parcel to the City (the "**RASA Parcel Receipt Condition**"). As described in Section 3.3 above, if the Contingency in this Section 10.2 is the only remaining City Parcels Contingency not satisfied, (i) the Parties shall proceed to the City Parcels Closing and transfer the City Parcels, excluding the RASA Parcel, (ii) upon satisfaction of the RASA Parcel Receipt Condition, the Parties shall proceed to closing the RASA Parcel as set forth herein, and (iii) in the event the RASA Parcel Receipt Condition is not satisfied, and the transfer of the RASA Parcel does not occur, within eighteen (18) months following the date of this Agreement, the transfer of the RASA Parcel Replacement Property shall occur as soon as reasonably practicable thereafter (and in any event within ten (10) business days after identification of the RASA Parcel Replacement Property and agreement by the Parties to the designation of the RASA Parcel Replacement Property. If the City Parcels Closing occurs and the RASA Parcel does not convey at such time, this condition shall survive the City Parcels Closing.
- 10.3 Compliance by the SBH Parties.** The SBH Parties shall have observed or complied in all material respects with each and every condition and covenant of this Agreement to be observed or complied with by the SBH Parties (including without limitation, those required under Sections 12, 13, 14, 15, 16 and 17 hereof).
- 10.4 Ratification.** Each SBH Party shall have ratified the enforceability and the full force and effect of the Project Documents.
- 10.5 Representations and Warranties.** All representations and warranties of the SBH Parties contained herein shall be materially true and correct as of the date made and as of the City Parcels Closing (excluding any representations and warranties

of the SBH Parties that are specific to the ESC Land) with the same effect as if those representations and warranties were made at and as of the City Parcels Closing.

**11. SBH Parties' Contingencies For City Parcels Closing.** The City Parcels Closing and the SBH Parties' obligations to consummate the transactions related to the City Parcels contemplated hereby are subject to the timely satisfaction (or waiver by one or more SBH Parties) of the following conditions precedent ("**SBH City Parcels Contingencies**"; City Contingencies for City Parcels and SBH City Parcels Contingencies are herein collectively referred to as the "**City Parcels Contingencies**"), which are for the SBH Parties' benefit only:

**11.1 ESC Land Closing.** The ESC Land Closing shall have occurred.

**11.2 SBH's Title Policy.** Title Company shall, subject only to payment by the SBH Parties of Title Company's agreed upon premium, have irrevocably agreed to issue to the SBH Parties a CLTA owner's policy of title insurance ("**SBH's Title Policy**"), in the amount of approximately \$32,000,000 as to the City Parcels being transferred (which amount includes the RASA Parcel or an RASA Parcel Replacement Property and is therefore subject to adjustment depending on the timing of the closing of the RASA Parcel, or any RASA Parcel Replacement Property, as provided herein), showing fee title to the City Parcels vested solely in the respective SBH Grantee, and subject only to (i) the standard, preprinted exceptions to City's Title Policy; (ii) matters affecting the City Parcels created by or with the written consent of one or more SBH Parties; and (iii) the City Parcel Permitted Exceptions.

**11.3 Compliance by City.** City shall have observed and complied in all material respects with each and every condition and covenant of this Agreement to be observed or complied with by City (including without limitation, those required under Sections 12, 13, 14, 15, 16 and 17 hereof).

**11.4 Ratification.** City shall have ratified the enforceability and the full force and effect of the Project Documents.

**11.5 Representations and Warranties.** All representations and warranties of City contained in this Agreement shall be materially true and correct as of the date made and as of the Closing (excluding any representations and warranties of City that are specific to the ESC Land Parcels) with the same effect as if those representations and warranties were made at and as of the Closing.

**12. Transferor's Deliveries to Escrow Holder.** At least one (1) business day before the ESC Land Closing Date, as applicable, the Transferor shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("**Transferor's Delivered Items**"). For purposes of clarification, the

Parties acknowledge and agree that the items for both of the ESC Land Closing and the City Parcels Closing shall be executed and delivered in accordance with the preceding sentence at least one (1) business day before the ESC Land Closing.

- 12.1 Funds.** Any funds required to pay SBH's Costs. The Parties acknowledge and agree that City's Costs will be paid prior to the City Parcels Closing Date.
  - 12.2 Grant Deed and General Assignment.** A fully-executed and acknowledged Grant Deed in the form attached hereto as Exhibit B or Exhibit C, as applicable.
  - 12.3 FIRPTA Certificate.** The Transferor's Certification of Non-Foreign Status in the form attached hereto as Exhibit D and a State of California Form 597 (collectively, the "**FIRPTA Certificate**"), if applicable.
  - 12.4 Title Affidavit.** A customary "Seller's affidavit" as may reasonably be required by Title Company in connection with issuance of the applicable Title Policy with elimination of certain pre-printed exceptions.
  - 12.5 Further Documents or Items.** Any other documents or items reasonably required to close the transactions contemplated by this Agreement, including, but not limited to, any hazard disclosure reports, any land title surveys, or any existing lease agreements, as further set forth in Exhibit E.
- 13. Transferee's Deliveries to Escrow.** At least one (1) business day before the ESC Land Closing Date, the Transferee shall deposit or cause to be deposited with Escrow Holder the following items ("**Transferee's Delivered Items**"). For purposes of clarification, the Parties acknowledge and agree that the items for both of the ESC Land Closing and the City Parcels Closing shall be executed and delivered in accordance with the preceding sentence at least one (1) business day before the ESC Land Closing.
- 13.1 Funds.** Any funds required to pay Transferee's Costs.
  - 13.2 Preliminary Change of Ownership Report.** A Preliminary Change of Ownership Report fully completed by Transferee (the "**Preliminary Change of Ownership Report**").
  - 13.3 Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement.
- 14. Joint Deposits Into Escrow.** At least one (1) business day before the ESC Land Closing Date the SBH Parties and City shall execute, acknowledge where required, complete required insertions, and jointly deposit into Escrow two (2) original counterparts of the General Assignment and Bill of Sale in the form attached hereto as Exhibit F (the "**General Assignment**").

**15. Costs and Expenses.**

**15.1 SBH Parties' Costs.** Except as otherwise agreed upon in the Project Agreements, upon the ESC Land Closing, the SBH Parties shall bear all of the closing costs and expenses for such Closing, including, but not limited to, the cost of the City's extended coverage ALTA title insurance policy for the ESC Land (collectively, "**SBH's Costs**").

**15.2 City's Costs.** Except as otherwise agreed upon in the Project Agreements, upon the City Parcels Closing, City shall bear all of the closing costs and expenses for such Closing, including, but not limited to, the cost of the applicable SBH Grantee's CLTA standard coverage owner's title policy for the City Parcels, except that the cost of any endorsements or that are associated with an CLTA standard or extended coverage owner's title policy being paid by the SBH Parties' (collectively, "**City's Costs**").

**15.3 Generally.** City and the SBH Parties shall pay, respectively, Escrow Holder's customary and reasonable charges to buyers and sellers for document drafting, recording and miscellaneous charges. If, through no fault of either City or the SBH Parties, Escrow for either Closing fails to close, the Parties shall share equally all of Escrow Holder's fees and charges; however, if either Closing fails to occur as the result of the default of either Party, then such defaulting Party shall bear the related Escrow Holder's fees and expenses. Each Party shall bear the costs of its own attorneys and consultants in connection with the negotiation and preparation hereof and the consummation of the transactions contemplated hereby. All other costs and expenses shall be allocated between the Parties in accordance with the customary practice in Sacramento County, California. The items provided in this Section are hereinafter referred to as "**General Expenses**."

**15.4 City Transfer Taxes.** To the extent permitted by applicable law, to facilitate financing the development of the Arena, City shall waive (or failing same, promptly reimburse the SBH Parties as permitted by applicable law) any City net share of transfer taxes otherwise payable by SBH REG or its Affiliates in connection with transfers of the Property as a result of the Closings. This Section 15.4 shall survive the termination of this Agreement and of the other Project Agreements.

**16. Prorations.** Income (if any) and expenses relating to the Property will be prorated as of 11:59 p.m. on the day immediately preceding Closings. Prorations shall be governed by the provisions of this Section. Not less than three (3) business days before the the City Parcels Closing Date or the ESC Land Closing Date, as applicable, Escrow Holder shall deliver to City and the SBH Parties a tentative schedule of prorations ("**Proration and Expense Schedule**") for City's and the SBH Parties' respective approval. If any prorations made under this Section shall require final adjustment after the applicable Closing, then

the Parties shall make the appropriate adjustments promptly when accurate information becomes available and the Parties shall be entitled to an adjustment to correct the same. To the extent it exceeds \$250.00, any corrected or adjustment proration shall be paid promptly in cash to the party entitled thereto.

- 16.1 Property Rents.** As used herein, the term "rentals" includes all sums and charges payable under any lease of the Property. Subject to the further provisions of this Section regarding delinquent rentals and various retroactive rentals and rent escalations, the Transferee shall receive all rentals relating to the Property on and after the City Parcels Closing or the ESC Land Closing, as applicable, and Transferor shall receive all rentals accruing prior to such Closing of the Property. Any security deposits relating to Property held by a Transferor will be transferred to the Transferee at such Closing of such Property. To the extent that as of the City Parcels Closing Date or the ESC Land Closing Date, as applicable, there are any delinquent rents, no prorations shall be made as of the applicable Closing Date and upon receipt of rents after such Closing, the Transferee shall be entitled to retain all rentals to the extent they relate to the period from and after such Closing, and any amounts above that shall first be delivered to the Transferor to the extent of any delinquencies and any remaining amounts shall be retained by the Transferee.
- 16.2 Property Taxes.** All general and special real and personal property and ad valorem taxes and assessments, if any, whether payable in installments or not, including, without limitation, all supplemental taxes attributable to the period prior to the City Parcels Closing or the ESC Land Closing, as applicable, for the calendar year in which such Closing occurs, shall be prorated to such Closing, based on the latest available tax rate and assessed valuation.
- 16.3 Utility Charges and Service Contracts.** Transferors shall use reasonable efforts to arrange for a billing of all utility charges and service contracts for service used up to the City Parcels Closing or the ESC Land Closing, as applicable, and shall be responsible for such bills. All utility charges and payments required under service contracts that are not required to be paid by a tenant and which are not terminated prior to such Closing shall be prorated as of the Closing and Transferor shall obtain a final billing thereafter. All utility security deposits, if any, shall be retained by Transferor. After such Closing, all costs associated with any changes to any utility systems and services and the costs of resuming such utility systems and services caused by development on the ESC Land shall be costs of the Arena Project. The preceding sentence shall survive the Closings.
- 17. Closing Procedure.** If Title Company has irrevocably agreed to issue the City's Title Policy and SBH's Title Policy, and all documents and funds have been deposited with Escrow Holder as required hereunder, Escrow Holder shall, subject to receiving written notice from the Parties that the GMP Condition has been satisfied (defined below),

immediately close Escrow with respect to the Property in the manner and order provided below.

- 17.1 Date; Counterparts.** Escrow Holder shall date all instruments as of the date of the Closing (if not dated), and combine all counterparts of instruments delivered to Escrow Holder in counterparts.
- 17.2 Documentary Transfer Tax Statement.** Escrow Holder shall prepare a separate documentary transfer tax statement in the form attached to each Deed (the "**Documentary Transfer Tax Statement**"), and instruct the Office of the Sacramento County Recorder (the "**Recorder's Office**") not to make the Documentary Transfer Tax Statement a part of the public record, as permitted by Section 11932 of the California Revenue and Taxation Code.
- 17.3 Document Recordation.** Escrow Holder shall record each Deed in the Official Records of the Recorder's Office.
- 17.4 Preliminary Change of Ownership Report.** Escrow Holder shall submit the Preliminary Change of Ownership Report to the Recorder's Office concurrently with the submission of the applicable Deed for recordation.
- 17.5 Notification.** Escrow Holder shall provide telephonic notice to City and the SBH Parties (and their respective counsel) that the Closing has occurred, deliver final closing statements to each party by facsimile, and disburse funds. In disbursing funds, Escrow Holder shall debit or credit (as provided herein) all SBH's Costs, City's Costs, and General Expenses; and prorate all matters based upon the agreed upon Proration and Expense Schedule.
- 17.6 Title Policy.** Escrow Holder shall cause Title Company to issue the applicable Title Policy to Transferee.
- 17.7 Informational Reports.** Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

**Notwithstanding anything to the contrary contained in this Agreement, at the ESC Land Closing, the Parties shall deliver irrevocable instructions that the City Parcels Closing shall occur upon notice from the Lender that the GMP Condition has been satisfied. Escrow Holder (i) shall close Escrow for the ESC Land Closing and (ii) shall hold the Transferor's Delivered Items, Transferee's Delivered Items, and all other items to be delivered in connection with the City Parcels Closing, and shall not close Escrow for the City Parcels Closing until it receives notice from the Lender that the GMP Condition has been satisfied. Upon receipt of notice from the Lender, Escrow Holder shall, subject to Section 10.2 hereof, immediately close Escrow for the City Parcels Land (including recording the Grant Deed for the City Parcels) without further instruction from the Parties. Notwithstanding anything to the contrary contained in**

this Section 17, if the **Unwind Right** pursuant to Section 18 arises and City Council disapproves (or fails to timely approve the Subdivision and Combination), the Parties shall instruct the Escrow Holder to (i) convey the ESC Land Replacement Property (or all City Parcels, as applicable) to the SBH Parties designated by SBH and (ii) release the balance of the City Parcels, if any, to the City, following the closing procedures set forth in herein.

18. **ESC Land Power of Termination; ESC Land Replacement Property.** Notwithstanding anything to the contrary contained in the Grant Deed for the ESC Land, in connection with and effective as of the ESC Land Closing Date, SG reserves the following right (the "**Unwind Right**"): upon the termination of the Project Agreements prior to satisfaction of the GMP Condition, but only if (a) ArenaCo has not commenced demolition of the Parking Facilities for Demolition as contemplated by and as such term is defined in the Design and Construction Agreement, or (b) ArenaCo has commenced demolition of the Parking Facilities for Demolition and such termination was made pursuant to ArenaCo's or the SBH Parties', as applicable, exercise of any express right to so terminate (whether in this Agreement or other Project Agreement) due to the City's breach of its obligations under this Agreement or any other Project Agreement, SG shall have the right to reenter and repossess the ESC Land, and have the City reconvey title to SG via grant deed, with no deeds of trust, security agreements or other monetary liens encumbering the ESC Land and free and clear of all encumbrances upon title to the ESC Land placed of record after the ESC Land Closing and not previously approved by the SBH Parties. Upon the occurrence of the Unwind Right pursuant to this Section 18, the City shall use commercially reasonable efforts to (x) subdivide the Arena Land so as to have the ESC Land as a separate legal parcel from the remainder of the Arena Land, and (y) to the extent elected in writing by ArenaCo, combine the ESC Land with any other contiguous parcel that SG or any other SBH Party owns or may thereafter acquire as a single parcel (collectively, the "**Subdivision and Combination**"). Notwithstanding the foregoing sentence, the City's obligation to use commercially reasonable efforts will be in its capacity as a contracting party to this Agreement, and such obligation shall be limited to using commercially reasonable efforts to facilitate the applications for the Subdivision and Combination, and making recommendations to City Council, but such obligation shall not infringe on or limit the power of the City, and shall not bind or limit the discretion of the City Council unless and until City Council approves (or disapproves) the Subdivision and Combination in accordance with its required procedures for approval. Such reconveyance shall occur following (i) City Council approval of the Subdivision and Combination, and (ii) releases of any deeds of trust, security agreements or other monetary liens encumbering the ESC Land and such other encumbrances upon title to the ESC Land placed of record after the ESC Land Closing and not previously approved by the SBH Parties. Any costs required to pay off and release such deeds of trust, security agreements, monetary liens and encumbrances shall be promptly paid by: (1) City, if the Project Agreements terminate due to a default by City, or a failure of a condition or a result to be achieved which is for the benefit of any of the SBH Parties, such as the proceeds of the City Financing (as defined in the

Funding Agreement) not becoming available in accordance with the Funding Agreement; or (2) the SBH Parties, if the Project Agreements terminate due to a default by an SBH Party (or any other Affiliates of SBH that are parties to the Project Agreements), or failure of a condition or a result to be achieved which is for the benefit of City, such as the proceeds of the ArenaCo Loan (as defined in the Funding Agreement) not becoming available pursuant to the Funding Agreement. If City Council fails to approve the Subdivision and Combination within nine (9) months following the date of the occurrence of the Unwind Right, the City shall convey to the SBH Parties designated by SBH one or more City Parcels reasonably agreed upon by the Parties of a value equal to or greater than the ESC Land Value ("**ESC Land Replacement Property**"). The Parties shall agree on the value of the ESC Land Replacement Property using an appraisal methodology reasonably agreed upon by the Parties. Once the ESC Land Replacement Property is identified and valued as reasonably determined by the Parties, the City shall promptly transfer the ESC Land Replacement Property to the SBH Parties designated by SBH. Notwithstanding anything to the contrary contained herein, in addition to the SBH Parties' right to receive the ESC Land Replacement Property as provided herein, the SBH Parties shall have the right to provide written notice to the City prior to the conveyance of the ESC Land Replacement Property electing to receive all of the City Parcels. If the SBH Parties so elect, SBH shall be responsible for paying the difference between the ESC Land Value and the value of the City Parcels to be conveyed (as reasonably determined by the Parties herein based upon the effective value as of the date of such election), which payment shall be due upon the closing of the conveyance of the City Parcels to the SBH Parties designated by SBH. The Unwind Right described in this Section 18 shall automatically terminate upon notice from the Lender that the GMP Condition has been satisfied. This Section 18 shall not survive termination of this Agreement prior to the ESC Land Closing, but shall survive termination of this Agreement after the ESC Land Closing but before the satisfaction of the GMP Condition. At the ESC Land Closing, the Parties shall include in the ESC Grant Deed or otherwise record on title to the ESC Land a notice of this right, which shall be released with a recorded instrument signed by the SBH Parties promptly after the termination of the power of termination. The rights of the SBH Parties under this Section 18 shall be in addition to the rights of ArenaCo under Section 7.3 of the Comprehensive Agreement.

**19. Post-Closing Instructions.** Promptly after the Closing, Escrow Holder shall deliver the following instruments:

**19.1 To Transferor.**

- (A) One (1) copy of the Deed; and
- (B) One (1) fully-executed original of the General Assignment, and one (1) copy each of the FIRPTA Certificate, the Preliminary Change of Ownership Report, the Documentary Transfer Tax Statement, and the final closing statement.

**19.2 To Transferee.**

- (A) The recorded original of the Deed, and the original FIRPTA Certificate; and
- (B) One (1) fully-executed original of the General Assignment and one (1) copy each of the Documentary Transfer Tax Statement, and the Preliminary Change of Ownership Report.

**19.3 To Counsel.** Copies of all documents delivered to City and the SBH Parties following the Closing.

**20. Representations and Warranties.**

**20.1 Representations and Warranties of SBH Parties.** Each SBH Party represents and warrants to the City that, as of the Effective Date, and at and as of the Closing:

- (A) *Organization.* The SBH Party is a limited liability company duly organized and validly existing under the laws of the State of Delaware. The SBH Party has all requisite power and authority to enter into this Agreement.
- (B) *Authorization; No Violation.* The execution, delivery and performance by the SBH Party of this Agreement have been duly authorized by all necessary action, will not violate the organizational documents of such SBH Party and will not result in the breach of, or constitute a default under, any material agreement to which such SBH Party is a party or by which such SBH Party or its material assets may be bound or affected, including, without limitation, the documents executed by such SBH Party in connection with the ArenaCo Loan. This Agreement has been duly executed and delivered by the SBH Party and constitutes valid and binding obligations of such SBH Party.
- (C) *No Conflicts.* This Agreement is not prohibited by and does not conflict with any judgments or decrees to which the SBH Party is a party or is otherwise subject.
- (D) *Litigation.* No suit is pending or, to the knowledge of the SBH Party, threatened against such SBH Party that could reasonably be expected to have a material adverse effect upon such SBH Party's performance under this Agreement or the financial condition or business of such SBH Party. There are no outstanding judgments against the SBH Party that would have a material adverse effect upon its assets, properties, or franchises.
- (E) *No Broker's Fees or Commissions.* The SBH Party has not incurred or created any liabilities or claims for broker's commissions or finder's fees

in connection with the negotiation, execution or delivery of this Agreement.

- (F) *Patriot Act Certification.* Each of the SBH Parties certifies that neither it, nor any of its constituent partners, managers, members, or shareholders, nor any beneficial owner of such SBH Party or any such partner, manager, member, shareholder, or Affiliate of such SBH Party is a "Prohibited Person," defined as (A) a person, entity, or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule, or regulation that is enforced or administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "Patriot Act"); (B) a person, entity, or nation owned or controlled by, or acting on behalf of, any person, entity, or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule, or regulation that is enforced or administered by OFAC, including the Executive Order and the Patriot Act; (C) a person, entity, or nation engaged directly or indirectly in any activity prohibited by any law, order, rule, or regulation that is enforced or administered by OFAC, including the Executive Order and the Patriot Act; (D) a person, entity, or nation with whom the City is prohibited from dealing or otherwise engaging in any transaction pursuant to any terrorism or money laundering law, including the Executive Order and the Patriot Act; (E) a person, entity, or nation that has been convicted, pleaded nolo contendere, indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering; or (F) a person, entity, or nation who is affiliated with any person, entity, or nation who is described above in clauses (A) through (E) above. The SBH Parties agree to indemnify and save the City harmless against and from any and all claims, damages, losses, risks, liabilities, and expenses, including reasonable attorneys' fees and costs, arising from or related to any breach of the foregoing certification. The foregoing certifications and indemnities shall not apply to the holders of interests in publicly traded entities.

**20.2 Representations and Warranties of the City.** The City represents and warrants to the SBH Parties that, as of the Effective Date, and at and as of the Closing:

- (A) *Organization.* The City is a municipal corporation duly organized and validly existing under the laws of the State of California. The City has all requisite power and authority to enter into this Agreement.
- (B) *Authorization; No Violation.* The execution, delivery, and performance by the City of this Agreement have been duly authorized by all necessary action, will not violate the organizational documents of the City and will not result in the breach of, or constitute a default under, any material agreement to which the City is a party or by which the City or its material assets may be bound or affected, including, without limitation, the documents executed by City in connection with the City Financing. This Agreement has been duly executed and delivered by the City and constitutes valid and binding obligations of the City.
- (C) *No Conflicts.* This Agreement is not prohibited by and do not conflict with any judgments or decrees to which the City is a party or is otherwise subject.
- (D) *Litigation.* No suit is pending or, to the knowledge of the City, threatened against the City that could reasonably be expected to have a material adverse effect upon the City's performance under this Agreement, the City Parcels, or the financial condition or business of the City other than as set forth on Schedule 20.2(D). There are no outstanding judgments against the City that would have a material adverse effect upon the City Parcels, or the City's ability to perform its obligations under this Agreement.
- (E) *No Broker's Fees or Commissions.* The City has not incurred or created any liabilities or claims for broker's commissions or finder's fees in connection with the negotiation, execution, or delivery of this Agreement.

**20.3 Representations and Warranties of the Transferors.** Each Transferor represents and warrants to the Transferee that, as of the Effective Date, and at and as of the Closing:

- (A) *Due Diligence; Disclosure.* The Property Documents constitute all material information in Transferor's possession relative to the physical condition of the applicable Property including, without limitation, all material information concerning the presence and remediation of Hazardous Materials.
- (B) *Notices and Demands Re Hazardous Materials.* Except as identified in subsection (i) above, Transferor has not received, any notice from, and has no reason to believe that any notice will be made by, any other

federal, state, county or municipal entity or agency that regulates Hazardous Materials or public health risks or other environmental matters or any other private party or Person claiming any violation of, or requiring compliance with, any Environmental Laws or demanding payment or contribution for any Hazardous Materials or Hazardous Materials Activity in, on, under, upon or affecting the Property or any other real property adjacent to the Property. Transferor further represents and warrants that no investigation, administrative order, consent order or agreement, litigation, or settlement with respect to Hazardous Materials or Hazardous Materials Activity located in, on, under or affecting the Property is pending, or to the knowledge of Transferor, proposed, threatened or anticipated.

**20.4 Limitation on Representations and Warranties of Transferors.** With the exception of those representations and warranties set forth in this Agreement, each Transferor has not made, does not make, and specifically negates and disclaims any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, with regard in any way to the transactions described herein, each of which is material and is being relied upon by Transferee (and the truth and accuracy of which shall constitute a condition precedent to Transferee's obligations hereunder). No Person acting on behalf of a Transferor is authorized to make any representations or warranties of any kind or character whatsoever, with the exception of those representations and warranties set forth herein, whether express or implied, oral or written, past, present or future, with regard to the Property, including without limitation (i) its value; (ii) its nature, condition or quality (including, without limitation, its water, soil and geology); (iii) its compliance with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (iv) its suitability for activities which Transferee may desire to conduct thereon; (v) its suitability for the development, remodeling or improvements desired by Transferee, or the ability of Transferee to develop, remodel or improve the Property; (vi) the income to be derived from the Property; (vii) the habitability, merchantability, profitability, or fitness for a particular purpose of the Property; (viii) the environmental condition of the Property (including the presence of Hazardous Materials or the compliance with any Environmental Laws); and (ix) the manner, quality, state of repair or lack of repair of any improvements on the Property. All representations and warranties in Section 20.3 by the SBH Parties are to the actual knowledge of John Rinehart and by the City are to the actual knowledge of Bill Sinclair (each, a "**Primary Individual**"). The Primary Individual is an officer or employee of the Transferor and has primary responsibility for managing the ownership, operation and development of the Property and no other officer or employee of Transferor is likely to possess material information or knowledge with respect to the Transferor which is not also possessed or known by the Primary Individual.

The representations and warranties set forth in this Section shall survive the Closing for a period of twelve (12) months after the date of the Closing. Transferor hereby agrees to indemnify, defend and hold harmless Transferee from and against any claims, losses, suit, costs and expenses (including without limitation reasonable attorneys' fees and disbursements) arising from the failure of any one or more representations or warranties to be true, correct and complete in all material respects.

- 21. Limited Release.** Except as expressly provided herein, and subject to the SBH Parties' obligations regarding the construction, maintenance and operation of the Arena under the other Project Agreements and the indemnities set forth herein, the City and the SBH Parties and any one claiming by, through or under such party, hereby fully and irrevocably release each other and each of SBH's and the City's respective representatives, agents, employees, attorneys, affiliates, successors and assigns, and all Persons acting on their behalf, claims against the same or any of their representatives, agents, employees, attorneys and affiliates, successors and assigns, for the costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the condition of the Property.

THIS RELEASE INCLUDES CLAIMS OF WHICH A PARTY IS PRESENTLY UNAWARE OR WHICH A PARTY DOES NOT PRESENTLY SUSPECT TO EXIST WHICH, IF KNOWN BY SUCH PARTY, WOULD MATERIALLY AFFECT THE PARTIES' RELEASES. THE PARTIES SPECIFICALLY WAIVE THE PROVISION OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

\_\_\_\_\_  
**CITY'S INITIALS**

\_\_\_\_\_  
**SBH PARTY'S INITIALS**

- 22. Treatment of Transfer of City Parcels.**

**22.1 Tax Treatment.** Notwithstanding anything to the contrary in this Agreement, the SBH Parties intend to treat the transactions contemplated by this Agreement for income tax purposes as provided in Section 8.1 of the Comprehensive Agreement. The City acknowledges and agrees that, unless otherwise required by applicable law, it shall not take any income tax position that is inconsistent with the intended treatment by SBH and its Affiliates described in Section 8.1 of the Comprehensive Agreement; provided, however, that the City is not providing any assurance that such positions and intended treatment by SBH and its Affiliates will be honored or respected by any taxing or other authority.

**22.2 Independent Transactions.** Notwithstanding that the City Parcels transaction and the ESC Land transaction are described in a single document (i.e., this Agreement), the Parties hereto acknowledge and agree that the conveyance of the City Parcels by City is not related to, and is not in consideration for, the conveyance of the ESC Land to City by SG and each such transaction is intended to be an independent transaction unrelated to the other transaction.

**23. Environmental Definitions.** The following are additional defined terms for purposes of this Agreement:

"**Environmental Laws**" collectively shall mean and include all present and future federal, state or local laws and any amendments (whether common law, statute, rule, order, regulation or otherwise), relating to environmental matters, permits, pollution, waste disposal, industrial hygiene, land use and other requirements of governmental authorities relating to the environment or to any Hazardous Materials or Hazardous Materials Activity (including, without limitation, the Comprehensive Environmental Response Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq. ("CERCLA"), the Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 33 U.S.C. §§ 7401 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2629, the Safe Drinking Water Act, 42 U.S.C. §§ 300f-300j, the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§ 1101 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq. and any so-called "Super Fund" or "Super Lien" law, environmental laws administered by the Environmental Protection Agency, any similar state and local laws and regulations, all amendments thereto and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder).

"**Hazardous Materials**" means, at any time, (i) asbestos and any asbestos containing material, (ii) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Laws or any applicable laws or regulations as a "hazardous substance", "hazardous material", "hazardous waste", "infectious waste", "toxic substance", "toxic pollutant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or "EP toxicity", or (iii) any petroleum and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources or (iv) petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter and medical waste.

"**Hazardous Materials Activity**" means any actual use, packaging, labeling, treatment, leaching, spill, cleanup, storage, holding, existence, presence, Release, threatened Release, emission, discharge, generation, migration, processing, treatment, abatement,

removal, disposition, handling or transportation of any Hazardous Materials from, under, into or on the Property or surrounding property.

**"Losses"** means, whether foreseen or unforeseen, any and all liens, losses, liabilities, damages (including any diminution in the value of the Property or any reduction in the value of the Property by reason of such liens, losses or liabilities), demands, claims, actions, judgments, causes of action, assessments, penalties, costs and expenses, including all amounts contributed for investigation, monitoring, remediation, response action, removal, restoration and permit acquisition and the fees of outside legal counsel, environmental experts, and accountants and the charges of in-house legal counsel and accountants, and all foreseeable and unforeseeable consequential damages.

**"Release"** means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, leaching, or migration into the indoor or outdoor environment (including, without limitation, the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Materials), or into or out of the Property, including the movement of any Hazardous Materials through the air, soil, land, surface water or groundwater.

#### **24. As-Is Transfer and Environmental Indemnity**

**24.1 AS-IS.** Each Transferee acknowledges, represents, and warrants that (i) it has fully examined and inspected the Property to be transferred to it, together with such other documents and materials which the Transferee deems necessary or appropriate in connection with its investigation and examination of the property it is acquiring, (ii) each Party accepts the foregoing and the physical condition, value, presence/absence of Hazardous Materials, financing status, use, leasing, operation, tax status, income and expenses of the property, and (iii) the Property shall be conveyed to Transferee "AS IS" and "WHERE IS" and with all faults and, except as set forth herein, Transferor has no responsibility for the physical condition of the property it transfers. Except as otherwise set forth herein, Transferor has not made, does not make, and has not authorized anyone else to make any representation as to the present or future physical condition, value, presence or absence of Hazardous Materials or any history of Hazardous Materials Activities, financing status, leasing, operation, use, tax status, income and expenses, compliance with Environmental Laws or any other matter or thing pertaining to the property being transferred, and Transferee acknowledges that no such representation or warranty has been made and that in entering into this Agreement it does not rely on any representation or warranty.

**24.2 No Warranty.** EXCEPT AS EXPRESSLY SET FORTH HEREIN, TRANSFEROR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR ARISING BY OPERATION OF LAW, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF

CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY BEING ACQUIRED BY TRANSFEREE.

**24.3 No Liability.** Except as expressly set forth herein, Transferor shall not be liable for any Losses or for or be bound by any verbal or written statements, representations, real estate broker's "setups" or information pertaining to the transferred property furnished by any real estate broker, agent, employee, servant or any other Person. The provisions of this Section shall survive the closing contemplated herein.

**24.4 Environmental Indemnity.** From and after the Closing, SG shall indemnify, defend and hold harmless the City, its officers, employees, agents and representatives, and their respective successors and assigns (for purposes of this Section only hereafter referred to collectively as "City"), from and against any and all Losses arising out of or relating to the ESC Land for any Releases, Hazardous Materials, any Hazardous Materials Activity or any violations of any Environmental Laws for which the City is not otherwise reimbursed or made whole by the SBH Parties pursuant to the Arena Agreement or other Project Agreements. SG's obligations hereunder shall survive the Closing. This indemnity shall be binding upon SG, its successors and its assigns and shall inure to the benefit of and shall be enforceable by City and its assignees, including, without limitation, to any joint power authority acquiring an interest in or utilizing the ESC Land or any portion thereof. The indemnities set forth herein shall survive each Closing as to the applicable property transferred for a period of twelve (12) months from the date of the Closing.

## **25. Right of First Refusal**

**25.1 ROFR.** Commencing on the Closing Date and for a period lasting for thirty-five (35) years thereafter (the "**Term**"), City shall not sell, convey, exchange or otherwise transfer the ROFR Parcel described on Exhibit A-4 without first giving SBH REG (or SBH REG's designee or successor in interest) an opportunity to purchase the ROFR Parcel on and subject to the terms and conditions stated in this Section. During the Term, City shall not encumber or otherwise modify the property in a manner that affects SBH REG's rights in this Section, and/or materially diminishes the value of the ROFR Parcel. This Section 25 shall survive the Closings; provided that this Section shall not survive termination of this Agreement if the termination occurs (i) before the ESC Land Closing, or (ii) after the ESC Land Closing but prior to the City Parcel Closing (except if such termination occurs as a result of a City Default).

**25.2 Third Party Offers.** If, during the Term, City receives a bona fide offer to purchase the ROFR Parcel from a prospective purchaser other than SBH REG and City desires (or is bound by operation of law) to accept such prospective

purchaser's offer (the "**Third Party Offer**"), City shall give SBH REG written notice (the "**Third Party Offer Notice**") which shall state the purchase price, terms of payment and other terms and conditions of the Third Party Offer. If the Third Party Offer provides for City to receive from the offer real or personal property other than cash consideration in exchange for the ROFR Parcel (the "**Non-Cash Consideration**"), the Third Party Offer Notice shall include a reasonable estimate of the fair market value of the Non-Cash Consideration that the City is to receive, measured in dollars. Upon SBH REG 's receipt of the Third Party Offer Notice, the rights and obligations of City and SBH REG shall be determined as follows:

- (A) SBH REG shall have twenty (20) business days from receipt of the Third Party Offer Notice within which to elect in writing whether to purchase the ROFR Parcel at the price and upon the other terms and conditions contained in the Third Party Offer. Where SBH REG has the right of first refusal pursuant to Section 25.1 and the Third Party Offer calls for City to receive non-cash consideration (other than purchase money financing, as to which SBH REG would match the financing terms) SBH REG would, at City's option, either pay the cash equivalent of any non-cash consideration stated therein or cooperate with City in acquiring comparable non-cash consideration, but with SBH REG assuming all cost, risk and expense of such acquisition. Failure of SBH REG to elect to purchase pursuant to this right of first refusal shall permit City to accept the Third Party Offer and consummate a sale thereunder, provided such sale is not made at a price or on terms and conditions in any material respect more favorable to the purchaser than those contained in the Third Party Offer Notice. Any other sale, transfer or other conveyance of the ROFR Parcel by City to a third party (except as specifically provided below) shall be null and void.
- (B) If SBH REG elects to purchase the ROFR Parcel, the Parties shall consummate the sale and purchase of the ROFR Parcel on the terms and conditions of the Third Party Offer Notice and otherwise according to the industry customs and practices of Sacramento County. The Parties may elect to enter into a formal purchase and sale agreement, but this not required. Without limiting SBH REG's rights and remedies hereunder, failure of City to consummate the sale of the ROFR Parcel to SBH REG shall not entitle City to sell the ROFR Parcel to a third party except as otherwise provided herein.
- (C) Prior to the close of escrow for a sale of the ROFR Parcel pursuant to a Third Party Offer (other than to SBH REG), SBH REG shall be furnished with copies of the final sale documentation to verify that the sale is being made in compliance with the provisions of this Section. After making such verification, SBH REG will within five (5) business days after receipt of

such sale documentation deposit into the escrow a quitclaim deed, the delivery of which shall be conditioned only upon the closing of the sale in accordance with the verified final sale documentation. The quitclaim deed referred to in the preceding sentence shall be solely for the purpose of terminating any rights SBH REG has under this Agreement, and shall so state on the face thereof.

- (D) SBH REG's right to receive a Third Party Offer Notice, as well as SBH REG's right of first refusal set forth above, shall continue until expiration of the Term or until such time as City sells all of the ROFR Parcel to SBH REG or pursuant to a Third Party Offer as contemplated by, and in accordance with, this Agreement. Upon SBH REG's request, City, at SBH REG's cost and expense, shall record a memorandum of SBH REG's rights under this Section with the Sacramento County Recorder's Office.

**26. Casualty and Condemnation.**

**26.1 Damage to Property.** If, prior to a Closing, all or any portion of the Property is damaged by earthquake, flood, fire or other casualty (collectively "**Damage**"), Transferor shall immediately notify Transferee of such Damage. Transferee shall proceed with the respective Closing and take the Property subject to such Damage, and Transferee shall be entitled to receive (i) any insurance proceeds for such Damage, plus (ii) the value of any uninsured portion of such Damage.

**26.2 Condemnation.** If (i) any portion of the Property not previously conveyed to Transferee shall be taken or appropriated by another public or quasi public authority exercising the power of eminent domain, (ii) there is any taking of land lying in the bed of any street, road, highway or avenue, open or proposed, in front of or adjoining all or any part of the Property not previously conveyed to Transferee, or (iii) there is any change of grade of such street, road, highway or avenue, then Transferee shall proceed with the purchase of the applicable Property and receive all of the award or payment made in connection with such taking.

**27. Termination of Comprehensive Agreement.** In the event that the Comprehensive Agreement is terminated pursuant to the terms thereof, this Agreement shall automatically terminate (subject to any provisions that expressly survive termination of this Agreement, including without limitation Sections 10.2, 18, and 25 hereof, as applicable), subject to and except for any rights and obligations of the Parties hereunder necessary to comply with and fulfill the provisions of Section 7.3(B) of the Comprehensive Agreement

## 28. Mediation

**28.1 Process.** Any dispute between the Parties under this Agreement shall be resolved in accordance with this section.

**28.2 Direct Communication.** As soon as reasonably possible after a dispute is identified, each Party shall set forth their positions in the dispute in written correspondence delivered to the other Party. Within 15 days after delivery, representatives of each Party shall meet at a mutually agreed time and place to attempt, with diligence and in good faith, to resolve and settle the dispute.

### **28.3 Non-Binding Mediation.**

(A) If the dispute is not resolved through direct communication as provided in Section 28.2 by the date that is ten days after the initial meeting, any Party to such dispute may request appointment of a neutral and properly credentialed mediator with expert knowledge and practical experience regarding the subject in dispute.

(B) The requesting Party shall provide a list of three possible mediators to the non-requesting Party. The non-requesting Party shall then select the mediator to be used to mediate the dispute from that list.

(C) The Parties shall then participate in good faith in a one-day, non-binding mediation session. Notwithstanding the foregoing, the Parties may agree to extend the mediation proceedings.

(D) Any mediation proceedings shall take place in the City, unless otherwise mutually agreed by the Parties.

(E) The cost of the mediation shall be divided equally between the Parties to the dispute.

**28.4 Mediation Failure.** If the Parties do not resolve the dispute after engaging in this mediation process, each Party shall be entitled to bring an appropriate action or proceeding in any court of competent jurisdiction to vindicate its rights under this Agreement.

## 29. Miscellaneous.

**29.1 Notices.** Any notice or other communication under this Agreement must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this Section to the Persons identified below. A notice or other communication that is mailed will be effective or will be considered to have been given on the third day after it is deposited in the U.S.

Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered.

<p><i>If to the City:</i></p> <p>John Dangberg Assistant City Manager City of Sacramento 915 I Street, Fifth Floor Sacramento, CA 95814</p> <p><i>With copies to:</i> Matthew Ruyak Assistant City Attorney City of Sacramento 915 I Street, Fourth Floor Sacramento, CA 95814</p> <p>Jeffrey Massey Senior Deputy City Attorney City of Sacramento 915 I Street, Fourth Floor Sacramento, CA 95814</p>	<p><i>If to the SBH Parties:</i></p> <p>John Rinehart, CFO Sacramento Basketball Holdings, LLC One Sports Parkway Sacramento, CA 95834 Facsimile: (916) 928-6983</p> <p><i>With copies to:</i> Mark Friedman, Owner 1530 J Street, Suite 200 Sacramento, CA 95814</p> <p>Jeffrey Dorso, Esq. Pioneer Law Group, LLP 1122 S Street Sacramento, CA 95811 Facsimile: (916) 496-8500</p> <p>Adam R. Klein, Esq. Katten Muchin Rosenman LLP 525 W. Monroe Street Chicago, IL 60661-3693 Facsimile: (312) 902-1061</p>
<p><i>If to Title Company/Escrow Holder:</i></p> <p>Fidelity National Title Company 8950 Cal Center Drive, Bldg. 3, Suite 100 Sacramento, CA 95826</p>	

A Party may from time to time designate a different address or facsimile number or persons for notices by giving notice to that effect to the other Parties in accordance with the terms and conditions of this section.

**29.2 Severability.** If a court with jurisdiction rules that any nonmaterial part of this Agreement is invalid, unenforceable, or contrary to law or public policy, then the rest of this Agreement remains valid and fully enforceable.

- 29.3 Obligations of the City and SBH Parties.** The obligations and undertakings of the City and the SBH Parties under or in accordance with this Agreement are obligations solely of the City and the SBH Parties. Except as otherwise expressly stated in this Agreement, no recourse shall be had, whether in contract, in tort, or otherwise against any officer, director, employee, agent, member, volunteer, or representative of the City or the SBH Parties in his or her individual capacity on account of any obligation or undertaking of or any act or omission by the City or the SBH Parties under or pursuant to this Agreement.
- 29.4 Time of the Essence.** Time is of the essence in the performance of this Agreement.
- 29.5 Binding Effect.** This Agreement binds and inures to the benefit of the Parties' successors and permitted assigns.
- 29.6 Waiver.** A Party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A Party's waiver of another Party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in a writing signed by the waiving Party.
- 29.7 Interpretation.** This Agreement is to be interpreted and applied in accordance with California law, except that that the rule of interpretation in California Civil Code section 1654 will not apply. The term "including" shall mean "including, without limitation" and "including, but not limited to" and shall not be interpreted to imply any limitation on the more general preceding provision unless otherwise expressly stated. All references in this Agreement to Sections or Exhibits refer to the Sections and Exhibits of this Agreement unless otherwise expressly stated. Each Exhibit referenced in this Agreement is incorporated into this Agreement by reference and made a part hereof. The headings and captions of the Sections and Exhibits are included for convenience only and shall have no effect upon the construction or interpretation of this Agreement.
- 29.8 Integration and Modification.** This Agreement, the other Project Agreements, and any other documents executed by the City and one or more Kings Parties (as such term is defined in the Comprehensive Project Agreement) in connection herewith, collectively set forth the Parties' entire understanding regarding the matters set forth in this Agreement and are intended to be their final, complete, and exclusive expression of those matters. Without limiting the generality of the foregoing, this Agreement, the other Project Agreements, and any other documents executed by the City and one or more Kings Parties in connection herewith, collectively supersede the non-binding Sacramento Entertainment and

Sports Center Term Sheet dated March 23, 2013 in its entirety. This Agreement may be modified only by another written agreement signed by all Parties.

- 29.9 Relationship of the Parties.** The Parties do not intend to create any agency, partnership, joint venture, trust, or other relationship with duties or incidents different from those of parties to an arm's-length contract.
- 29.10 No Third-Party Beneficiaries.** This Agreement is solely for the benefit of the City and the SBH Parties and their permitted successors and assigns. Nothing in this Agreement, express or implied, is intended to (a) confer upon any Person other than the City and SBH Parties and their permitted successors and assigns any rights or remedies under or by reason of this Agreement as a third party beneficiary or otherwise except as specifically provided in this Agreement; or (b) authorize anyone not a Party to this Agreement to maintain an action pursuant to or based on this Agreement. Notwithstanding the foregoing, (i) all Affiliates of an SBH Party and (ii) the holder of any Leasehold Mortgage or Mezzanine Financing (as each such term is defined in the Arena Agreement) are each intended direct third party beneficiaries of this Agreement with the right of direct enforcement of the provisions set forth herein. The Parties agree that the provisions of Section 16 of the Arena Agreement (authorizing Leasehold Mortgages and Mezzanine Financings and granting certain rights and protections to Leasehold Mortgagees and Mezzanine Lenders) are hereby incorporated by reference. Each Leasehold Mortgagee shall be entitled to all of the rights and protections set forth in the Arena Agreement with respect to this Agreement, including specifically Section 16.7 (notice and cure rights), as if such provisions were included in this Agreement.
- 29.11 Attorney's Fees.** Except as otherwise expressly stated herein, the Parties shall bear their own costs and attorneys' fees incurred in connection with this Agreement.
- 29.12 Alternative Delivery.** When a Party is obligated to deliver a document or similar item to the other Party, the recipient may, in its sole discretion, opt for a review of that item without taking physical or electronic delivery.
- 29.13 Counterparts.** The Parties may sign this Agreement in counterparts, each of which will be considered an original, but all of which will constitute the same Agreement. Facsimile signatures or signatures transmitted by e mail or other electronic means shall be effective to bind the Parties.
- 29.14 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any proceedings regarding this Agreement, the Parties agree that the venue shall be

the state courts of California located in Sacramento County or the U.S. District Court for the Eastern District of California in Sacramento.

- 29.15 Counting of Days.** Days are calculated using days the Sacramento City Attorney's Office is open. California Code of Civil Procedure section 12a applies to this Agreement.
- 29.16 Disclosure of Records.** All non-public documents shared by the Parties hereunder shall be treated as confidential to the extent permitted by law. All documents submitted to the City may be subject to disclosure pursuant to the California Public Records Act. However, if any documents, in whole or in part, are set apart and clearly marked "trade secret" or "confidential" when provided to the City, the City shall give notice to the SBH Parties of any request for the disclosure of those documents. The SBH Parties shall then have 5 days from the date it receives that notice to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by the City in any legal action to compel the disclosure of those documents under the California Public Records Act. The SBH Parties shall have sole responsibility for defense of the actual "trade secret" or "confidential" designations.
- 29.17 Assignment.** This Agreement may not be Assigned without the other Party's consent, provided, however, that, without the City's consent: (i) any SBH Party may Assign this Agreement and all rights and obligations hereunder to an Affiliate and/or nominate an Affiliate to take title provided that such SBH Party remains obligated on all of its obligations provided in this Agreement, (ii) any SBH Party may pledge, mortgage, grant a security interest in, encumber, or collaterally assign its interest in this Agreement to secure indebtedness for borrowed money of ArenaCo; and (iii) any SBH Party may Assign this Agreement to any Person (or an Affiliate thereof) that acquires, or obtains control of, the Team with the approval of the NBA. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto. "Assign" means any sale, transfer, assignment, pledge, mortgage, encumbrance, or any other transfer, including transfers as security for obligations, of this Agreement or a Party's rights or obligations under this Agreement.
- 29.18 Survival.** The provisions of this Agreement which expressly survive Closing shall so survive.
- 29.19 Cooperation.** City and the SBH Parties agree to execute such instruments and documents and to diligently undertake such actions as may be reasonably required in order to consummate the purchases and sales herein contemplated

and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof. The provisions of this Section shall survive the Closing.

**29.20 Possession.** Possession of the applicable Property and the original Property Documents related thereto shall be delivered to Transferee at the Closing.

**29.21 Effectiveness.** Notwithstanding anything in this Agreement to the contrary, the effectiveness of this Agreement is conditioned upon the NBA's approval of the Team Agreement (as defined in the Arena Agreement) and the Arena Agreement, which approval is required for the effectiveness of both such agreements pursuant to the terms thereof. ArenaCo shall promptly deliver to the City a copy of the letter from the NBA confirming such approval upon ArenaCo's receipt thereof.

**30. Definitions and Terms.** Capitalized terms in this Agreement have the definitions set forth in this section.

"**Agreement**" is defined in the introductory paragraph of this Agreement.

"**Affiliate**" of a specified Person means a Person who is directly or indirectly controlling, controlled by, or under common control with, the specified Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of the specified Person whether through the ownership of voting securities, by contract or otherwise.

"**Arena**" is defined in the Background.

"**Arena Agreement**" is defined in the Background.

"**Arena Project**" is defined in the Background.

"**ArenaCo**" is defined in the Background.

"**City**" is defined in the introductory paragraph of this Agreement.

"**City Contingencies for City Parcels**" is defined in Section 10.

"**City Default**" is defined in Section 4.3.

"**City ESC Land Contingencies**" is defined in Section 8.

"**City Parcel Exceptions**" is defined in Section 7.1.

"**City Parcel New Exceptions**" is defined in Section 7.2.

"**City Parcel Permitted Exception**" is defined in Section 7.1.

"**City Parcels**" is defined in the Background.

"**City Parcels Closing**" is defined in Section 3.3.

"**City Parcels Closing Date**" is defined in Section 3.3.

"**City Parcels Contingencies**" is defined in Section 11.

"**City's Costs**" is defined in Section 15.2.

"**City's Title Policy**" is defined in Section 8.1.

"**City Title Report**" is defined in Section 6.1.

"**Comprehensive Agreement**" is defined in the Background.

"**Damage**" is defined in Section 26.1.

"**Design and Construction Agreement**" means the Arena Design and Construction Agreement between the City and ArenaCo, dated as of the Effective Date.

"**Documentary Transfer Tax Statement**" is defined in Section 17.2.

"**Downtown Plaza**" is defined in the Background.

"**Effective Date**" is defined in the introductory paragraph of this Agreement.

"**ESC Land**" is defined in the Background.

"**ESC Land Closing**" is defined in Section 3.2.

"**ESC Land Closing Date**" is defined in Section 3.2.

"**ESC Land Contingencies**" is defined in Section 9.

"**ESC Land Exceptions**" is defined in Section 6.1.

"**ESC Land New Exceptions**" is defined in Section 6.2.

"**ESC Land Permitted Exception**" is defined in Section 6.1.

"**ESC Land Replacement Property**" is defined in Section 18.

"**ESC Land Value**" is defined in Section 3.

"**Escrow**" is defined in Section 3.1.

"**Escrow Holder**" means Fidelity National Title Company.

"**FIRPTA Certificate**" is defined in Section 12.3.

"**Funding Agreement**" means the Arena Finance and Funding Agreement between the City and ArenaCo, dated as of the Effective Date.

"**General Assignment**" is defined in Section 14.

"**General Expenses**" is defined in Section 15.3.

"**GMP Condition**" means, in connection with the ArenaCo Loan, the establishment of a complete guaranteed maximum price for all Construction Work delegated to the Arena Contractor (as such terms are defined in the Design and Construction Agreement), as approved by Lender and in accordance with the terms of the Design and Construction Agreement.

"**Goldman Deed of Trust**" is defined in Section 6.1.

"**Interim Lot XY Agreement**" is defined in Section 3.3.

"**Lender**" is defined in the Funding Agreement.

"**Natomas Land**" is defined in the Background.

"**NBA**" is defined in the Background.

"**Non-Cash Consideration**" is defined in Section 25.2.

"**Non-Natomas Land**" is defined in the Background.

"**Party**" or "**Parties**" is defined in the introductory paragraph of this Agreement.

"**Person**" means any individual, trust, estate, partnership, joint venture, company, corporation, association, limited liability company, or other legal entity, business organization, or enterprise.

"**Preliminary Change of Ownership Report**" is defined in Section 13.2.

"**Primary Individual**" is defined in Section 20.4.

"**Project Agreements**" is defined in the Background.

"**Property**" is defined in the Background.

"**Property Documents**" is defined in Section 5.

"**Proration and Expense Schedule**" is defined in Section 16.

"**RASA**" is defined in Section 1.4.

"**RASA Parcel**" is defined in Section 1.4.

"**RASA Parcel Receipt Condition**" is defined in Section 10.2.

"**RASA Parcel Replacement Property**" is defined in Section 1.4.

"**RASA Parcel Value**" is defined in Section 1.4.

"**Recorder's Office**" is defined in Section 17.2.

"**Review Period**" is defined in Section 6.1.

"**Revised City Title Report**" is defined in Section 6.2.

"**Revised SBH Title Report**" is defined in Section 7.2.

"**SBH**" is defined in the Background.

"**SBH City Parcels Contingencies**" is defined in Section 11.

"**SBH Downtown**" is defined in the introductory paragraph of this Agreement.

"**SBH ESC Land Contingencies**" is defined in Section 9.

"**SBH Grantees**" is defined in Section 1.1.

"**SBH Natomas**" is defined in the introductory paragraph of this Agreement.

"**SBH Parties**" is defined in the introductory paragraph of this Agreement.

"**SBH Parties Default**" is defined in Section 4.1.

"**SBH REG**" is defined in the introductory paragraph of this Agreement.

"**SBH's Costs**" is defined in Section 15.1.

"**SBH's Title Policy**" is defined in Section 11.2.

"**SBH Title Report**" is defined in Section 7.1.

"**SG**" is defined in the introductory paragraph of this Agreement.

"**Subdivision and Combination**" is defined in Section 18.

"**Team**" is defined in the Background.

"**TeamCo**" is defined in the Background.

"**Term**" is defined in Section 25.1.

"**Term Sheet**" is defined in the Background.

"**Third Party Offer**" is defined in Section 25.2.

"**Third Party Offer Notice**" is defined in Section 25.2.

"**Title Company**" means Fidelity National Title Company.

"**Transferee**" means, with respect to the ESC Land, the City; and with respect to the City Parcels, the respective SBH Grantee.

"**Transferee's Delivered Items**" is defined in Section 13.

"**Transferor**" means, with respect to the ESC Land, SG; and with respect to the City Parcels, the City.

"**Transferor's Delivered Items**" is defined in Section 12.

"**Unwind Right**" is defined in Section 18.

\* \* \*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

<p>City of Sacramento</p> <p>By: _____ John F. Shirey City Manager</p> <p>Date: _____, 2014</p>	<p>SBH Real Estate Group LLC, a Delaware limited liability company</p> <p>By: _____ Name: _____ Its: _____</p> <p>SBH Downtown LLC, a Delaware limited liability company</p> <p>By: _____ Name: _____ Its: _____</p> <p>SBH Natomas LLC, a Delaware limited liability company</p> <p>By: _____ Name: _____ Its: _____</p> <p>SG Downtown LLC, a Delaware limited liability company</p> <p>By: _____ Name: _____ Its: _____</p>
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Approved as to Form Sacramento City Attorney	Approved as to Legal Form Pioneer Law Group, LLP
By: _____ Matthew D. Ruyak Assistant City Attorney	By: _____ Jeffrey K. Dorso Attorneys for SBH Parties

**ACCEPTANCE BY ESCROW HOLDER**

\_\_\_\_\_, a \_\_\_\_\_ corporation, hereby acknowledges that it has received a fully executed copy of the foregoing Property Conveyance Purchase Agreement and Joint Escrow Instructions between the City of Sacramento, SBH Downtown LLC, a Delaware limited liability company, SBH Natomas LLC, a Delaware limited liability company, SBH Real Estate Group LLC, a Delaware limited liability company, and SG Downtown LLC, and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder. Escrow Holder shall execute two (2) originals of this Acceptance by Escrow Holder and deliver one (1) original to SBH Real Estate Group LLC and City promptly following the opening of Escrow.

Dated: \_\_\_\_\_, \_\_\_\_\_

Fidelity National Title Company

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A-1**

**ESC LAND**

All that certain real property situate in the City of Sacramento, County of Sacramento and State of California described as follows:

Being all of Lot 1 as said lot is shown and delineated on that certain Parcel Map recorded \_\_\_\_\_, 2014 in Book \_\_\_\_\_ of Maps at Page\_\_\_\_\_, Sacramento County Official Records, but excepting therefrom those portions of Lot 1 that are (a) a RASA Parcel, (b) owned by the City, or (c) on or over which the City has a right of possession.

\*The Parties may specifically identify exception parcels prior to recording the Grant Deed for the City Parcels.

**EXHIBIT A-2**  
**NATOMAS CITY PARCEL**  
(see attached)

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**PARCEL 1:**

Parcel 1, as shown on the Parcel Map entitled "Master Parcel Map Of Del Paso Road Property, Parcels 1, 6 & 7 Of 8903-07 O.R., Page 1400, Being Portions Of Lots 47, 48, 49, 50, 51, 52, 53, 54 & 55 Of 16 B.M. 3", filed in the office of the Recorder of Sacramento County, California, on October 17, 1995, in Book 143 of Parcel Maps, Map No. 10, as corrected by Certificate of Correction recorded March 11, 1998, in Book 19980311 of Official Records at Page 750.

Excepting therefrom all oil, mineral, gas and other hydrocarbon substances below a depth of 500 feet under the above described real property, without the right of surface entry; as reserved in the deed from Richard N. Moseman, et al., to Sacramento Sports Association, a partnership, dated June 28, 1979, recorded July 10, 1979, in Book 790710 of Official Records, Page 1243.

**PARCEL 2:**

An easement for ingress and egress through that certain party tunnel as more particularly identified and shown in that certain "Tunnel Easement Agreement" dated March 2, 1989 and recorded March 7, 1989 in Book 890307, Page 1514, Official Records, and the non-exclusive right to use said party tunnel for purposes of moving equipment, supplies, food, materials and revenues incidental to the use of the land more particularly described in Parcel No. 1 above.

APN: 225-0070-076

**Exhibit A-3**  
**NON-NATOMAS CITY PARCELS**  
(see attached)

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

All that portion of the block bounded by 2nd and 3rd Streets, Capitol Mall, formerly "M" Street, and "N" Street of the City of Sacramento, according to the official plat thereof, and that portion of the East one-half of abandoned 2nd Street lying between said Capitol Mall and said "N" Street, lying Southeasterly of the following described line:

Beginning at a point located South 62° 36' 46" West 97.13 feet from the intersection of the center lines of said 2nd and "N" Streets, said point being located 118.07 feet Southeasterly measured radially from the "B1" line at Engineer's Station "B1" 540-43.05 of the Department of Public Works' Survey on Road 03-Sac-5, Post Mile 27.7/34.7; thence from said point of beginning (1) from a tangent that bears North 32° 28' 08" East along a curve to the right with a radius of 1,950.00 feet, through an angle of 7° 49' 53", an arc length of 266.33 feet, the chord of which bears North 36° 23' 04" East 266.33 feet; thence (2) North 40° 18' 00" East 190.76 feet; thence (3) North 85° 18' 00" East 24.10 feet; thence (4) from a tangent that bears South 48° 48' 20" East, along a curve to the right with a radius of 100.00 feet, through an angle of 19° 17' 09", an arc length 33.66 feet, the chord of which bears South 39° 09' 45" East 33.50 feet; thence (5) South 29° 31' 11" East 31.50 feet; thence (6) along a tangent curve to the right with a radius of 158.00 feet, through an angle of 33° 57' 22", an arc length of 93.64 feet, the chord of which bears South 12° 32' 41" East 92.27 feet; thence (7) South 04° 26' 00" West 119.96 feet; thence (8) from a tangent that bears South 04° 26' 00" West (record East), along a curve to the left with a radius of 218.00 feet, through an angle of 23° 7' 44", an arc length of 89.27 feet, the chord of which bears South 07° 17' 52" East 88.65 feet; thence (9) South 18° 22' 54" West 15.55 feet to a point on the North line of said "N" Street located 403.64 feet Southeasterly measured radially from said "B1" line at Engineer's Station "B1" 542-84.35.

APN: 006-0135-028-0000, 006-0135-029-0000

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN AND BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A portion of land in Lots 5, 6, 7 and 8 in the Block Bounded by "N" and "O" Streets and Front and 2nd Streets according to the Official Plat or Map filed in the Office of the County Recorder of Sacramento County.

Said portion is all that part thereof lying Southeasterly from the following described line:

Beginning at a point distant South 89° 52' 22" West, 125.25 feet from the Intersection of said Second and "O" Streets, said point also being distant 137.21 feet Easterly, measured radially, from the "B1" line at Engineer's Station "B1"536+21.15 of the Department of Public Works' Survey on Road 03-Sac-5, Post Mile 21.7/34.7; thence from said point of beginning from a tangent that bears North 19° 13' 52" East along a curve to the right with a radius of 1,712 feet, through an angle of 13° 14' 15", a length of 395.54 feet; thence continuing along a tangent curve to the right with a radius of 1,950 feet, through an angle of 07° 49' 53", a length of 266.53 feet to a point distant 109.00 feet Southeasterly, measured radially, from said "B1" line at Engineer's Station, "B1"543+20.68.

APN: 006-0182-022

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

All that portion of Lot G, as described in that certain Corporation Grant Deed filed in Book 901219, Official Records, Page 703 in the office of the Recorder of said County, being also a portion of Parcel B, as shown on that certain Parcel Map "Portion of Block Bounded by 3rd, 5th, J & L Street" in Book 35, of Maps, Map 34 in the office of the Recorder of said County, described as follows:

Beginning at a point on the easterly line of said Lot G which bears from the southwest corner of said Lot G, North  $18^{\circ}28'35"$  East, 288.02 feet along the westerly line of said Lot G being also the easterly line of 3rd Street; thence from said **Point of Beginning** continuing along said easterly line of 3rd Street, North  $18^{\circ}28'35"$  East, 65.00 feet; thence South  $71^{\circ}37'09"$  East, 320.96 feet to the westerly line of 4th Street; thence along said westerly line of 4th Street, South  $18^{\circ}28'35"$  West, 65.00 feet; thence North  $71^{\circ}37'09"$  West, 320.96 feet to the **Point of Beginning**, containing 20,863 square feet more or less.

APN: portion of 006-0087-051

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF Sacramento, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF LOTS 1, 2 & 3, IN THE BLOCK BOUNDED BY J, K, 4TH AND 5TH STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID LOT 1; THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHEASTERLY LINES OF LOT 1, 2 & 3, RESPECTIVELY, SOUTH 71°24'54" EAST 211.31 FEET; THENCE SOUTH 18°28'47" WEST 109.85 FEET; THENCE NORTH 71°24'54" WEST 211.29 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 1; THENCE ALONG SAID NORTHWESTERLY LINE NORTH 18°28'07" EAST 109.86 FEET TO THE POINT OF BEGINNING.

ALSO DESCRIBED AS PARCEL NO. 1 ON THAT CERTAIN CERTIFICATE OF COMPLIANCE RECORDED NOVEMBER 7, 1990, IN BOOK 90-11-07 PAGE 1108, OFFICIAL RECORDS.

APN: 006-0087-054-0000

APN: 54-060-24

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

All of the Block bounded by Capitol Avenue, "N" Street, 2nd Street and 3rd Street in the City of Sacramento per the official map thereof.

Excepting therefrom that part thereof described in Director's Deed recorded October 13, 1972 in Book 721013, Page 100, Official Records of Sacramento County.

Also excepting therefrom that part of said block lying Northwesterly from course (2), and its Northeasterly extension, as said course (2) is numbered and described in said Director's Deed referred to hereinabove.

APN: 006-0135-030-0000

## LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

### **PARCEL ONE:**

ALL THAT CERTAIN PROPERTY AND SPACE CONTAINED WITHIN PARCEL NO. 1, AS SAID PARCEL IS SHOWN ON THAT CERTAIN AMENDED PARCEL MAP ENTITLED "PORTION OF BLOCK BOUNDED BY 5TH STREET, 6TH STREET, "K" STREET AND "L" STREET AND PORTION OF 5TH STREET, AS SAID BLOCKS AND STREETS ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY ENTITLED "CERTAIN BLOCKS IN AREA BOUNDED BY 'J' AND 'N' STREETS, 2ND AND 8TH STREETS, CITY OF SACRAMENTO", RECORDED IN BOOK 18 OF SURVEYS, MAP NO. 2, SACRAMENTO COUNTY RECORDS, SAID AMENDED PARCEL MAP BEING RECORDED June 19, 1967, IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1 OF PARCEL MAPS, AT PAGE 55.

ASSESSOR'S PARCEL NUMBER: 006-0087-061-0000

### **PARCEL TWO:**

AN EASEMENT AND RIGHT OF WAY, BUT NOT THE EXCLUSIVE RIGHT, THROUGH ALL THAT CERTAIN PROPERTY AND SPACE CONTAINED WITHIN PARCEL NO. 2, AS SAID PARCEL IS SHOWN ON SAID AMENDED PARCEL MAP BOOK 1 AT PAGE 55, SO AS TO UTILIZE SAID SPACE FOR STRUCTURAL CONNECTIONS AND ANCHORAGE OF NEW STRUCTURES TO EXISTING STRUCTURES AND FOR THE USE OF THE DECK AS THE FLOOR SYSTEMS OF ANY NEW STRUCTURES AND FOR THE PLACEMENT OF UTILITIES AND ANY APPURTENANCES APPERTAINING THERETO.

### **PARCEL THREE:**

AN EASEMENT AND RIGHT OF WAY, BUT NOT EXCLUSIVE RIGHT, THROUGH, ALL THAT CERTAIN PROPERTY AND SPACE EXTENDING DOWNWARD FROM THE LOWEST PLANES OF SAID PARCEL SIX, DESCRIBED ABOVE, ALONG THE EASTERLY AND WESTERLY WALLS, PILE CAPS, PILES, FOUNDATIONS AND OTHER STRUCTURAL SUPPORTS FOR THE DECK OF SAID UNDERPASS STRUCTURE FOR THE SUPPORT OF ANY NEW STRUCTURE OR STRUCTURES.

APN: 006-0087-061

**Parcel 1**

All that certain real property situate in the City of Sacramento, County of Sacramento and State of California more particularly described as follows:

Being all of Parcel R-3 as shown and delineated on that certain Parcel Map recorded July 29, 1970 in Book 3 of Parcel Maps at Page 24, Sacramento County Official Records.

**Exhibit A-4**  
**ROFR PARCEL**  
(see attached)

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel One:

The South half of the West 30 feet of Lot 7 and the South half of Lot 8 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Two:

The North one-half of Lot 8 and the West 30 feet of the North half of Lot 7 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: Portion of 006-0098-021-0000

Parcel Three:

The East 40 feet of the West 70 feet Lot 7 in the Block bounded by "K","L" 8th and 9th Streets of the City of Sacramento, according to the official plat thereof.

APN: 006-0098-014-0000

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel One::

The East 40 feet of the West 60 feet of the North one-half (1/2) of Lot 1 in the Block bounded by 8th and 9th K and L Streets of the City of Sacramento, according to the official plat thereof.

Apn: 006-0098-004-0000

Parcel Two:

The North one-half of the West one-quarter of Lot 1 in the Block bounded by Eight and Ninth, "K" and "L" Streets of said City fo Sacramento, according to the official plat thereof.

Apn: 006-0098-003-0000

Parcel Three:

The West 1/4 of Lot 3, in the Block bounded by "K" and "L" Streets, 8th and 9th Streets in the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-008-0000

Parcel Four:

The East 1/2 of Lot 2 in the Block bounded by 8th and 9th and "K" and "L" Streets of the City of Sacramento, according to the Official Plat thereof.

Reserving therefrom all oil, mineral, gas, geothermal steam casinghead gas, asphaltum and other hydrocarbon and chemical gas now or hereafter found, situated or located in all or any portion of the lands described herein lying more than five hundred feet (500') below the surface thereof, together with the right to slant drill for and remove all or anyof said gas, oil, casinghead gas, asphaltum and other hydrocarbons or chemical gas lying below a depth of more than five hundred feet (500') below the surface thereof including the right to grant leases of all or any of said purposes, but without any right whatsoever to enter upon the surface of said lands or any portion thereof within five hundred feet (500') vertical distance below the surface thereof.

Apn: 006-0098-007-0000

Parcel Five:

The South 60.00 feet of Lot 1 and East 20 feet of Lot 1 and the West quarter of Lot 2 in the Block bounded by "K" and "L", Eighth and Ninth Streets of the City of Sacramento, according to the Official Map or Plan of said city.

Apn: 006-0098-024-0000

Parcl Six:

The East one-half of the West one-half of Lot 2, in the Block bounded by "K" and "L" Street, and 8th and 9th Street, of the City of Sacramento according to the Official Plat thereof.

Apn: 006-0098-006-0000

EXHIBIT "A" (continued)

Title No. 13-**5015196**-A-CS  
Locate No. CAFNT0934-0934-0010-0005015196

Parcel Seven:

The West 60 feet of the North quarter of the South half of Lot One in the Block bounded by and between "K" and "L", "8"th and "9"th Streets of the City of Sacramento, according to the Official Map or plan of said city.

Apn: 006-0098-022-0000

**EXHIBIT B**

**FORM OF GRANT DEED FOR CITY PARCELS**

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
(Space Above for Recorder's Use)

**MAIL TAX STATEMENTS TO:**

**DOCUMENTARY TRANSFER TAX:  
NOT OF PUBLIC RECORD PURSUANT TO  
SECTION 11932 OF THE REVENUE AND  
TAXATION CODE, AS AMENDED**

Attention:

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, The City of Sacramento ("**Grantor**"), hereby grants to [SBH Grantee or Affiliate] ("**Grantee**"), all of Grantor's right, title, and interest in and to that certain real property (the "**Real Property**") in the County Sacramento, State of California, more particularly described on **Schedule 1** attached hereto and incorporated herein by this reference.

**(SIGNATURES BEGIN ON NEXT PAGE)**

Grantor has caused this Grant Deed to be duly executed on \_\_\_\_\_,  
20\_\_\_\_.

**GRANTOR:**

CITY OF SACRAMENTO

By: \_\_\_\_\_  
John F. Shirey, City Manager

**(ALL SIGNATURES MUST BE NOTARIZED)**

Document No.:  
Recorded: \_\_\_\_\_, \_\_\_\_\_

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER (PURSUANT TO SECTION 11932 OF THE REVENUE AND TAXATION CODE)

TO: RECORDER, SACRAMENTO COUNTY

Request is hereby made in accordance with the provisions of the Documentary Transfer Act that the amount of the tax due not be shown on the original document which names:

Grantor: [\_\_\_\_\_] , a \_\_\_\_\_

Grantee: [\_\_\_\_\_] , a \_\_\_\_\_

The amount of tax due on the accompanying document is \$ \_\_\_\_\_ computed on the full value of the property conveyed.

[\_\_\_\_\_] ,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

NOTE: After the permanent record is made, this form will be affixed to the conveying document and returned with it.

**SCHEDULE 1  
to Grant Deed**

**EXHIBIT C**

**FORM OF GRANT DEED FOR ESC LAND**

RECORDING REQUESTED BY  
AND FOR THE BENEFIT OF

CITY OF SACRAMENTO

**NO FEE DOCUMENT**  
Govt Code 27383

WHEN RECORDED MAIL TO

CITY OF SACRAMENTO  
Real Estate Services  
915 I Street, 2nd Floor  
Sacramento, California 95814  
Attn: Supervisor, Real Estate Services

MAILTAX STATEMENTS TO

CITY OF SACRAMENTO  
915 I Street, 5th Floor  
Sacramento, California 95814  
Attn: Finance Administration

*(Space Above for Recorder's Use)*

**No Transfer Tax Due per R&T Code 11922**  
**Grantee is a Government Agency**

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, [SG or Affiliate] ("**Grantor**"), hereby grants to The City of Sacramento, a municipal corporation, ("**Grantee**"), all of Grantor's right, title, and interest in and to that certain real property (the "**Real Property**") in the County Sacramento, State of California, more particularly described on Schedule 1 attached hereto and incorporated herein by this reference.

**(SIGNATURES BEGIN ON NEXT PAGE)**

PROPERTY CONVEYANCE AGREEMENT

Grantor has caused this Grant Deed to be duly executed on  
\_\_\_\_\_, 20\_\_\_\_.

**GRANTOR:**

**(ALL SIGNATURES MUST BE NOTARIZED)**

Document No.:  
Recorded: \_\_\_\_\_, \_\_\_\_\_

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER (PURSUANT TO SECTION 11932 OF THE REVENUE AND TAXATION CODE)

TO: RECORDER, SACRAMENTO COUNTY

Request is hereby made in accordance with the provisions of the Documentary Transfer Act that the amount of the tax due not be shown on the original document which names:

Grantor: [\_\_\_\_\_] , a \_\_\_\_\_

Grantee: [\_\_\_\_\_] , a \_\_\_\_\_

The amount of tax due on the accompanying document is \$ \_\_\_\_\_ computed on the full value of the property conveyed.

[\_\_\_\_\_] ,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

NOTE: After the permanent record is made, this form will be affixed to the conveying document and returned with it.

**SCHEDULE 1  
to Grant Deed**

**EXHIBIT D**

**FORM OF TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS**

**TRANSFEROR'S CERTIFICATE OF NON-FOREIGN STATUS**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform \_\_\_\_\_ ("**Transferee**"), the transferee of the real property described on **Schedule 1** (the "**Property**") attached hereto and incorporated herein by this reference, that withholding of tax is not required upon the disposition of the Property by . . . , — — a Delaware limited liability company ("**Parent**") (the owner, for U.S. federal income tax purposes, of \_\_\_\_\_ ("**Transferor**"), which is a disregarded entity for U.S. federal income tax purposes), the undersigned hereby declares the following on behalf of Transferor:

1. Parent is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).
2. Parent is not a disregarded entity as defined in Treasury Regulations Section 1.1445-2(b)(2)(iii).
3. Parent's U.S. employer identification number is \_\_\_\_\_.
4. Parent's office address is:  
  
\_\_\_\_\_

5. Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, the undersigned declares that he/she has the authority to execute this certification on behalf of Transferor and further declares that he/she has examined this certification, and to the best of his/her knowledge and belief, this certification is true, correct and complete.

Executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[\_\_\_\_\_],

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT E

### PROVIDED PROPERTY DOCUMENTS

#### Lot X

- Preliminary report of title
- Property appraisal
- Phase I ESA 1/24/2007
- Phase II ESA 4/17/2007

#### Lot Y

- Preliminary report of title
- Property appraisal

#### SWC 3<sup>rd</sup> & Capitol

- Preliminary report of title
- Property appraisal
- Phase I ESA 9/21/2004
- Limited Site Investigation 11/11/2004
- Subsurface Investigation 3/1/2005
- Phase I ESA 1/24/2007

#### 1401 H Street

- Preliminary report of title
- Property appraisal
- Phase I summary 5/16/2005
- Phase II (limited) 4/17/2006

#### 4<sup>th</sup> Street & J Street

- Preliminary report of title
- Property appraisal

#### Natomas 100 acres

- Preliminary report of title
- Property appraisal
- Biological Constraints Analysis 3/4/2014
- Demolition of Arco Park Stadium estimate 2/19/2014

#### Navin's parcel

- Preliminary report of title
- Property appraisal

- Lease 2013-0070

8<sup>th</sup> Street & L Street

- Preliminary report of title
- Property appraisal
- Phase I ESA 2/16/2006
- ACM & LBP clean up estimate 2/1/2010
- Phase II ESA 12/29/2010
- Hazardous Building Material Survey 12/31/2010

800 Block of K Street

- Preliminary report of title
- Property appraisal
- Phase I ESA 2/16/2006
- Phase I ESA 3/16/2006
- Phase II ESA 12/29/2010

EXHIBIT F

FORM OF GENERAL ASSIGNMENT AND BILL OF SALE

GENERAL ASSIGNMENT AND BILL OF SALE

THIS GENERAL ASSIGNMENT AND BILL OF SALE (this "**Assignment**") is made and dated as of \_\_\_\_\_, \_\_\_\_\_ (the "**Effective Date**"), by \_\_\_\_\_ ("**Assignor**"), in favor of \_\_\_\_\_ ("**Assignee**").

RECITALS

Assignor is the owner of that certain real property located in the County of Sacramento, State of California, more particularly described on **Schedule A** attached hereto and incorporated herein by this reference (together with all improvements thereon, the "**Real Property**"). Assignor and Assignee are parties to that certain Property Conveyance Agreement and Joint Escrow Instructions dated \_\_\_\_\_, 20\_\_ (the "**Purchase Agreement**"). Concurrently herewith, Assignor is conveying to Assignee Assignor's interest in the Real Property pursuant to a grant deed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **ASSIGNMENT.** Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee and Assignee hereby assumes all of Assignor's right, title, and interest in and to the following described property to the extent it relates solely to the Real Property (collectively, the "**Personal Property**"):

(a) **Tangible Personal Property.** All tangible personal property that is owned by Assignor, including, but not limited to, inventory, furniture, fixtures, equipment, machinery, appliances, fittings, and other removable or tangible articles of personal property of every kind and nature that are owned by Assignor and is or was used exclusively in the operation of the Real Property. The Tangible Property is in a used condition, and Assignor makes no representations or warranties, express, implied or statutory, as to the condition or state of repair of the Tangible Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Tangible Personal Property is being transferred to Assignee in its present "as is, where is" condition and with all faults. All such Personal Property is being transferred with the Real Property, and Assignor has no obligation to remove such Personal Property.

(b) **Contracts & Leases.** All contracts listed in the attached Schedule \_\_\_\_ attached hereto and incorporated herein (collectively, the "**Contracts**");

PROPERTY CONVEYANCE AGREEMENT

(d) **Leases.** All leases listed in the attached Schedule \_\_\_ attached hereto and incorporated herein (collectively, the "**Leases**").

2. **GENERAL.**

(a) **Successors and Assigns.** This Assignment shall be binding on the parties hereto and shall inure to the benefit of their respective heirs, successors, and assigns.

(b) **Governing Law.** The Assignment was made in and shall be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

**(SIGNATURES ON NEXT PAGE)**

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

**ASSIGNOR:**

[SBH REG or Affiliate],  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

CITY OF SACRAMENTO

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Schedule 20.2(D)**  
**to**  
**Property Conveyance Agreement and Joint Escrow Instructions**

Litigation

1. CASE NO.: 34-2014-00156358  
CASE TITLE: CITY OF SACRAMENTO  
vs.  
STATE OF CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM, US  
BANK A NATIONAL ASSOCIATION, C-III ASSET MANAGEMENT LLC, and  
DOES 1 through 50, inclusive.
  
2. CASE NO.: 34-2013-80001489  
CASE TITLE: ISAAC GONZALEZ, JAMES CATHCART, and JULIAN CAMACHO,  
vs.  
KEVIN JOHNSON, JOHN SHIREY, JOHN DANGBERG,  
CITY OF SACRAMENTO, and DOES 1 through 40, inclusive.