CITY COUNCIL AGENDA REPORT

DEPARTMENT: City Manager's Office **MEETING DATE:** November 21, 2023

STAFF REFERENCE: Dylan Feik, City Manager **AGENDA LOCATION:** AR-1

TITLE: Purchase and Sale Agreement with Old Town Office Retail (Motor), LLC for the City to Purchase the Commercial Building Located at 324-328 South Myrtle Avenue for $6,000,000.00

OBJECTIVE: To consider approval of a Purchase and Sale Agreement ("PSA") with Old Town Office Retail (Motor), LLC ("Owner"), to discuss the terms of the City's purchase of a commercial building located at 324-328 South Myrtle Avenue for $6,000,000

BACKGROUND: Since 2015, the City of Monrovia has considered significant building improvements to the Community Center located at 119 West Palm Avenue, and has performed planning and design work related to the "Community Center Renovation Project," or "Renovation Project." Below is a timeline and discussion regarding the Renovation Project:

1. Beginning in 2015 and concluding in 2016, the City studied a proposal to relocate community center operations to a new location at 324-328 South Myrtle Avenue. This proposal included several components, including: the new building would require extensive interior and exterior renovation; the City would sell the existing Community Center property to a housing developer; developer would purchase and relocate a historic landmark home to make way for a new housing development, and; developer would construct a new multi-family housing project at 119 West Palm. This proposal did not receive positive public support and City Council determined it would not move forward.

2. The City then contemplated options for the current Community Center – renovate the existing building or demolish and rebuild a brand new facility. The City hired Undisclosable, Inc. to perform architectural work associated with feasibility & concept designs for the existing Community Center. Undisclosable, Inc. worked to develop as-built drawings for the Community Center and also investigated the building structure to ensure it is seismically safe and could be renovated to meet current building codes. In 2019, the City decided it would perform a full renovation of the existing Community Center building.

3. Several major events had recognizable effects on the work of Undisclosable, Inc. and the City in our pursuit of the Renovation Project. Since 2019, the City has experienced a recession, global pandemic, and multiple natural disasters that require a full rebuilding of Monrovia Canyon Park. The City prioritized work in other projects including the rebuilding of Canyon Park.

4. In October 2022, the City recommenced work with Undisclosable, Inc. to finish their scope of work and prepare architectural work/concept designs for the Renovation Project. That contract has since expired and in the coming months, City Council will be asked to authorize a contract to prepare final construction plans and drawings for the Renovation Project. The Renovation Project is estimated to cost $20 million, and plans are estimated to be ready for bid in August 2024. Construction would begin shortly thereafter and is expected to take up to 24 months. Prior to and during construction, the City must relocate all Community Center operations for the Renovation Project.

Throughout the Renovation Project's planning process, staff has contemplated the eventual need to find an alternate work location for Community Center staff and programs for the duration of the Project. The Community Center is an active community hub. The facility is open and used seven (7) days a week for a variety of community activities, programs and events, and must meet the needs of many groups and organizations. Some of the regular programs and services provided at the Center include:

1. Senior Nutrition Program for over 100 seniors, two times per week
2. Contract Classes for youth and adults such as fitness programs, dance and music lessons, and art class
3. Private room rentals for weddings, memorial services, birthdays,, and fundraisers
4. Adjacency to Library Park allows the building to be used to support special events and activities in Library Park including Monrovia Days, Holiday Parade, and many more
5. Active Passport Office which is open three (3) days per week with increasing demand
6. Provides approximately 34 public parking spaces in Old Town
7. Therapeutic Recreation Program twice a week servicing over fifty (50) participants
8. Case Management Services offered thru City partnerships with the San Gabriel Valley Council of Governments and Foothill Unity Center
9. Satellite office space for the Volunteer Center of the San Gabriel Valley
10. Serves as important community meeting spaces including Cooling Center, Emergency Shelter, Information Center, and Voting Center
11. In addition to the routine programs, the facility will need to include adequate office space for twelve (12) full time staff, cubicles for six (6) part time staff, and several shared workstations to forty (40) part time staff.

Staff has visited many buildings and spaces in Monrovia, reviewed costs to lease commercial and/or public space during the Renovation Project, and considered whether lease or purchase is the correct options for the City.

City staff was made aware the building at 324-328 South Myrtle Avenue, commonly referred to as the "Old JC Penney Building" or "4th Dimension Building," is currently listed for sale. The property has two commercial tenants in the building along the Myrtle Avenue frontage. This building is the same building which was evaluated in 2015 as a future community center. Since that time, much work has been completed, including:

1. In 2016, the Historic Preservation Commission worked closely with the Owner as the Owner performed façade improvements within the historic Old Town District.
2. In 2019, the Owner completed extensive interior remodeling for the over 27,000 square foot building, including modern furnishing throughout the building and modern telecommunications cabling and other infrastructure.

City staff has toured the building and has engaged in preliminary discussions with the Owner regarding the City's future needs for temporary space. The building is conveniently located on Myrtle Avenue directly across the street from the Monrovia Public Library. It sits adjacent to one City parking lot w/ 42 spaces, and is only 240 feet from the East Lime Parking lot directly across from the Police Station. There are 130 public parking spaces in this lot.

At a Regular City Council meeting on September 5, 2023, the City Council approved an Exclusive Negotiating Agreement (ENA) with the property owner. The ENA provides for the following:

1. Initial term of the ENA would be 60 days, which included one 30-day extension. The City has exercised that extension.
2. During the term, the owner would not negotiate with any other party regarding the sale of the building.
3. The ENA included a $150,000 non-refundable deposit as payment for the exclusive right to negotiate and will be applied to the purchase price if this agreement is approved.
4. During the ENA Period, both the City and Old Town Office Retail (Motor), LLC ("Parties") would negotiate the formal Purchase & Sale Agreement (PSA), which is before the City Council for consideration. Both Parties acknowledged that neither is under any obligation to enter into a PSA.
5. Under the ENA, the City had the opportunity to, and did, undertake additional site visits, inspections, testing, appraisals, and design efforts (collectively "Due Diligence") to determine the

value of the Property and its ability to meet the City's needs. The City has already completed substantial portions of this effort in prior years.

Also at its regular meeting on Wednesday, November 15, 2023, the Planning Commission considered the building purchase and whether it conforms to the City's General Plan. The purpose of the general plan conformance review is to ensure that consideration is given to the policies and goals of a jurisdiction's general plan when real estate is bought or sold by a government agency. This is meant as a safeguard to prevent jurisdictions from purchasing property that may be in a location, or have characteristics that would make it a poor investment of public funds.

The Planning Commission found the property acquisition to promote Goals 8 and 9 of the General Plan's Land Use Element as follows:

- Goal 8 calls for *promoting the expansion of the City's economic base*. The existing 27,000 square foot commercial office building is located in the City's Civic Center, directly across the street from Library Park. The building contains three tenant spaces; two retail storefronts along Myrtle Avenue that total 3,000 square feet, and a 24,000 square foot office space at the rear of the building. The existing retail spaces are currently occupied and would be maintained. However, the office space has been difficult to fill due to the post-pandemic economic situation with more office employees working from home. The use of the building as a public facility to support city-related functions, including administrative office uses, is consistent with the Historic Commercial Downtown land use designation. Furthermore, a fully occupied building will generate pedestrian activity that will support the downtown's retail business district.
- Goal 9 calls for *preserving the character of existing neighborhoods*. Furthermore, Policy 9.6 encourages the continued effort in the downtown to preserve its historic quality. The subject building was originally constructed as a J.C. Penney retail store in 1956. In 1983, J.C. Penney vacated the building. A remodel was completed in 1986, which added several 1980s design elements. The building was extensively remodeled in 2019 under the purview of the Historic Preservation Commission. The renovation incorporated a remodeled storefront consisting of traditional mid-century design elements, such as display windows containing clear glass, a bulkhead, and recessed entries. It was also structurally reinforced. The proposed use of the building as a public facility to support city-related functions would not alter any of the recent building improvements that currently contribute to the Historic Commercial Downtown character.

This agreement is one step in the process of moving Community Center operations into the building. As part of planning for the project, staff will propose a zone change to allow the proposed use in the building, and will conduct a CEQA review as part of that process.

ANALYSIS: As directed at the September 5 City Council meeting, the City Attorney and City Manager have prepared a Purchase and Sale Agreement ("PSA") for City Council consideration. The PSA is included as an attachment and some of the key details/terms are as follows:

- The purchase price will be $6,000,000.
- The Closing Period will be 15 days, which is sufficient considering the City utilized the ENA period of 90 days to perform its due diligence.
- The seller has delivered all copies of lease documents to the City. There are two commercial tenants located in offices along the Myrtle Avenue frontage. The City finds the terms of the leases to be satisfactory and favorable to the City, including security deposits, buyout provisions, future inflationary increases to rent and current rental income equaling over $93,000 annually.
- The City reviewed building permits and entitlements and found no deficiencies.
- The City toured the building multiple times with key staff and found it to be in excellent condition and well maintained despite being closed during the pandemic.
- The City completed a review of the title report and found it to be sufficient. The City will also update the title report and obtain a standard title insurance policy prior to closing the transaction.

The appraised value of the land and building shell only is a maximum of $5.75 million. This figure does not include the substantial value of modern fixtures and furniture in the building or the value of the modern

IT infrastructure, all of which the City would be acquiring. We are confident that the value of these features, along with the value of the building and land, more than justify the negotiated purchase price. The building has an estimated remaining useful life of 30-40 years. The City intends to continue the existing commercial leases, which help to activate the commercial frontage on Foothill Boulevard, but those leases do have "buyout" provisions.

ENVIRONMENTAL IMPACT: The proposed acquisition of an existing commercial building and continuation of existing uses will have no significant impact on the environment and is exempt from CEQA review under CEQA Guidelines Section 15061(b)(3).

FISCAL IMPACT: The total purchase price is $6,000,000 (which includes a credit for the one-time $150,000 non-refundable payment in consideration of the ENA) to be funded from General Fund reserves. The City will also receive rental deposits held by the Seller, as well as rental income equaling more than $93,000 annually.

OPTIONS: The following options are presented for consideration:

1. Approve the proposed Purchase & Sale Agreement (Attachment A) with Old Town Office Retail (Motor), LLC.
2. Do not approve the proposed Purchase & Sale Agreement with Old Town Office Retail (Motor), LLC.
3. Provide any necessary direction or feedback to staff as deemed appropriate.

RECOMMENDATION: Staff recommends Option 1, to approve the proposed Purchase and Sale Agreement (Attachment A) with Old Town Office Retail (Motor), LLC.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to approve the proposed Purchase & Sale Agreement with Old Town Office Retail (Motor), LLC., for purchase of the building at 324-328 South Myrtle Avenue in an Amount not to Exceed $6,000,000.00, and authorize the City Manager to execute all necessary documents in a form approved by the City Attorney.

DRAFT

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (the "**Agreement**") is dated as of _____, 2023 (the "**Effective Date**") and is entered into by and between the CITY OF MONROVIA, a California municipal corporation ("**Buyer**" or "**City**"), and MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company (the "**Seller**").

RECITAL

A. Seller owns the land described on Exhibit "A" and all improvements, furniture, fixtures and equipment located thereon (the "**Property**"), having a street address of 324-328 South Myrtle Avenue, Monrovia, California 91016 (APN: 8516-012-011).

B. Buyer desires to acquire the Property from Seller, and Seller desires to convey the Property to Buyer.

NOW, THEREFORE, in consideration of ten dollars ($10), the mutual covenants in this Agreement, and other consideration the sufficiency of which is hereby acknowledged, Buyer and Seller hereby agree as follows:

1. Purchase and Sale. Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, subject to and in accordance with the terms and conditions hereinafter set forth. The above Recitals are incorporated herein as part of this Agreement.

2. Opening and Closing of Escrow. Within five (5) business days after the Effective Date, Buyer and Seller shall deliver a copy of this fully executed Agreement to, and shall open an escrow (the "**Escrow**") with Lotus Escrow, 55 E. Huntington Drive, Suite 120, Arcadia, CA 91006 (the "**Escrow Holder**").

The Close of Escrow or Closing shall occur within five (5) business days after the end of the Contingency Period, as defined in Section 6.1 below (the "**Closing Date**"). As used herein, the term "Close of Escrow" shall mean that the grant deed for the Property in favor of Buyer in the form attached hereto as Exhibit "B" (with an attached Certificate of Acceptance executed by Buyer and acknowledged) has been recorded in the Official Records of the Los Angeles County Recorder's Office, in accordance with and subject to the terms hereof.

3. Purchase Price. The purchase price for the Property ("**Purchase Price**") is SIX MILLION AND NO/100 DOLLARS ($6,000,000.00).

4. Deposit. In connection with that certain Exclusive Negotiating Agreement between the Parties dated September 19, 2023, Buyer deposited the amount of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($150,000.00), with the Escrow Holder. The Parties hereby agree that said sum shall constitute and be held as an earnest money deposit under the Escrow pursuant to the terms and provisions hereof (which earnest money deposit, together with the interest thereon, is herein called the "**Deposit**"). The Deposit shall to be deposited in an

interest-bearing account. The Deposit shall be: (i) applicable to the Purchase Price; (ii) refunded to Buyer if the Close of Escrow does not occur due to a failure of a condition to closing or if the Seller defaults; and (iii) retained by the Seller as liquidated damages in accordance with the following.

If Buyer breaches any obligation hereunder which Buyer is to perform prior to the Close of Escrow, and Buyer fails to cure such breach within five (5) business days after receipt of written notice from Seller, then Seller may terminate this Agreement and the Escrow by giving written notice of such termination to Buyer and Escrow Holder, and the Deposit shall then be retained by Seller as liquidated damages for Buyer's incurred default, as Seller's sole and exclusive remedy for Buyer's uncured default.

IF CLOSING FAILS TO OCCUR SOLELY BECAUSE OF BUYER'S UNCURED DEFAULT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN. BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S UNCURED DEFAULT, THEN THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE AND FINAL ESTIMATE OF SELLER'S DAMAGES AND SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AS SELLER'S SOLE AND EXCLUSIVE REMEDY. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. IN NO EVENT SHALL THIS SECTION LIMIT BUYER'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT, OR SELLER'S RIGHT TO RECOVER ITS ATTORNEYS' FEES AND COSTS RELATING TO THE ENFORCEMENT OF THE TERMS OF THIS AGREEMENT (INCLUDING THE TERMS OF THIS SECTION 4, OR ANY OF SELLER'S OTHER RIGHTS AND/OR REMEDIES AT LAW AND/OR IN EQUITY).THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

_____ _____

BUYER'S INITIALS **SELLER'S INITIALS**

5. Title.

5.1 Condition of Title; Title Policy. First American Title Insurance Company ("Title Company"), 1250 Corona Pointe Court, Suite 200, Corona, CA 92879 shall be used. It is a condition to the Close of Escrow that the Title Company be committed to issue to Buyer, upon Close of Escrow, a standard CLTA owner's policy of title insurance ("**Title Policy**") in an amount equal to the Purchase Price, showing the Property subject only to the Permitted Exceptions (as defined in Section 5.2). Buyer may instead elect to obtain an extended coverage ALTA owner's policy of title insurance ("**Extended Policy**") provided: (a) Buyer pays for all additional premiums and any other fees and costs attributable thereto, and (b) Buyer shall be solely responsible for the additional requirements for the issuance of the Extended Policy (such as an ALTA survey).

5.2 Permitted Exceptions. The term "**Permitted Exceptions**" as used herein shall mean the following described conditions and exceptions to title:

5.2.1 The two existing leases (one with SGVRE, Inc. and the other with Judy Hiep, an individual, dba "Let's Go Hair Salon").

5.2.2 Matters affecting the condition of title created by Buyer or with the written consent of Buyer.

5.2.3 Other exceptions to title disclosed by the Title Report (defined below) that have not been disapproved in writing by Buyer prior to the end of the Contingency Period (as defined in Section 6.1 below).

5.3 Seller Representations. Seller hereby represents and warrants to Buyer as of the date hereof (which representations and warranties shall survive the Close of Escrow, and are being relied upon by Buyer in entering into this Agreement and purchasing the Property):

(i) Seller has no actual knowledge (without investigation, inspection or inquiry or any duty to investigate, inspect or inquire) and has not received any notice from any governmental entity, tenant or other person or entity, that hazardous materials are present on the Property or that the Property does not comply with applicable law.

(ii) Seller has delivered copies of all leases, and any related lease guaranties, to Buyer and the only two leases in effect are with SGVRE, Inc. and Judy Hiep, an individual, dba "Let's Go Hair Salon."

(iii) Seller holds $4,240.04 and $10,780.94 as security deposits under said leases (said security deposits to be "delivered" to Buyer at Close of Escrow by virtue of credits against the purchase price shown on the estimated settlement statement to be prepared by Escrow Holder and approved by Buyer and Seller).

(iv) Seller is not in default under any existing lease affecting the Property;

(v) to the actual knowledge of Seller, the tenants under the existing leases affecting the Property are not in default under such leases.

For purposes of this Agreement, the terms "knowledge," "knows," "actual knowledge," knowingly," and similar terms, when referring to Seller means, the actual knowledge of William Kilpatrick, without any inspection or investigation or duty or obligation to inspect or investigate. The foregoing representations and warranties shall survive the Close of Escrow; provided, however, that any action based upon, arising out of, or related to such representations and warranties shall be filed, if at all, not later than one (1) year after the Closing.

5.4 Title Report, Review and Approval. Buyer has received a preliminary report dated September 21, 2023 issued by the Title Company under Order Number NHSC-7036709 (but it is an "informational report" and the named title officer, Jesus Duran, jduran@firstam.com; 951/256-5820; must be changed, according to Jesus Duran) (the "**Title Report**"). Buyer shall have until the end of the Contingency Period (defined in Section 6.1) to obtain an updated title report, review and approve the Title Report and any updates, and any ALTA survey ("**Survey**") obtained by Buyer. Buyer shall notify Seller in writing on or before the end of the Contingency Period (defined in Section 6.1) of any disapproved matters in the Title Report and Survey, and if Seller indicates it will not remove them by Close of Escrow (or if they are not so removed), Buyer may terminate the Agreement by written notice to Seller and the Deposit will be returned to Buyer.

Any matters not so disapproved shall be a part of the Permitted Exceptions; however, Buyer hereby objects to any and all monetary encumbrances, and any lease or memorandum of leases that is not or is not based on the two existing leases, that may appear in the Title Report (except for the lien for real property taxes and assessments, if any, not yet due), all of which shall be removed therefrom by Seller at no cost to Buyer, and none of which shall be a Permitted Exception.

6. Suitability of Property and Property Documents.

6.1 Contingency Period. It is a condition precedent to the Close of Escrow for Buyer's benefit that Buyer has determined, on or before 4:00 p.m. PST on November 27, 2023 (the "**Contingency Period**") that the Property and documents provided by Seller to Buyer relating to the Property and title to the Property (including any Survey, and all title exceptions), if any are in Seller's possession, are acceptable to Buyer and shall, prior to the expiration of the Contingency Period, provide written notice to Seller and Escrow Holder that Buyer removes all of Buyer's contingencies hereunder.

Prior to the execution of this Agreement Seller has delivered all material documents in Seller's possession that relate to the condition of the Property. Additionally, Seller shall request that Escrow Holder order, at Seller's expense, deliver to Buyer a Natural Hazard Disclosure Statement ("NHDS") as soon as reasonably possible. The foregoing does not affect any obligation of Seller under applicable law to disclose all material facts about the Property actually known to Seller and not known to Buyer.

Buyer's written removal of all contingencies shall constitute Buyer's waiver of all contingencies and that Buyer unconditionally and irrevocably: (a) accepts the Property and expressly agrees to complete the purchase of the Property pursuant and subject to the terms and conditions of this Agreement; (b) acknowledges and agrees that, except as otherwise stated in this Agreement and except for the parties' respective closing obligations, there are no contingencies to the transaction described in this Agreement or to Buyer's obligation to complete the purchase of the Property hereunder; (c) approves all documents and information described and referenced in the Seller's disclosures; and (d) has relied solely and completely on Buyer's own due diligence, investigation and inspection and not upon any statements, comments or representations by Seller or Seller's representative, William Kilpatrick, except as expressly represented and warranted to Buyer in this Agreement and any applicable closing documents.

If Buyer determines that any such documents or the Property or title to the Property or the NHDS is not acceptable, then Buyer may terminate this Agreement by written notice to Seller on or before the end of the Contingency Period.

IF BUYER GIVES NOTICE OF DISAPPROVAL OR FAILS TO GIVE TIMELY WRITTEN NOTICE OF APPROVAL TO SELLER ON OR BEFORE 4:00 P.M. PST THE LAST DAY OF THE CONTINGENCY PERIOD, THIS AGREEMENT SHALL TERMINATE IMMEDIATELY UPON SUCH NOTICE OR FAILURE AND ESCROW SHALL BE DEEMED CANCELED, AND BOTH PARTIES SHALL NO LONGER HAVE ANY RIGHTS OR OBLIGATIONS WITH RESPECT TO THIS MATTER EXCEPT FOR THOSE MATTERS THAT EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, BUYER'S INDEMNITY OBLIGATIONS UNDER SECTIONS 6.2 AND 18 BELOW.

IF BUYER FAILS TO NOTIFY SELLER, IN WRITING, OF THE WAIVER AND REMOVAL OF BUYER'S CONTINGENCIES WITHIN THE CONTINGENCY PERIOD, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS DISAPPROVED BUYER'S CONTINGENCIES AND HAS ELECTED AND AGREED TO THE TERMINATION OF THIS AGREEMENT AND CANCELATION OF THE ESCROW ESTABLISHED HEREUNDER.

6.2 Right of Entry; Inspections, Testing. Prior to the end of the Contingency Period, Buyer may conduct, at Buyer's sole expense, such inspections and testing of the Property, including the improvements thereon, as Buyer may desire or deem appropriate, in Buyer's sole and absolute discretion, to determine the suitability of the Property for Buyer's intended uses. Buyer shall not conduct any invasive, intrusive or subsurface inspections or testing at the Property without the prior written consent of Seller which consent may be granted, withheld or conditioned, in Seller's sole and absolute discretion; however: (i) if Seller does not give such consent for any reason, Buyer may terminate this Agreement by written notice to Seller given prior to the end of the Contingency Period. Buyer shall reasonably repair and restore areas of the Property affected by Buyer's inspections so that they are in substantially the same condition as before such inspections as soon as reasonably possible. Seller hereby grants to Buyer and its authorized employees, representatives, agents and contractors, permission and a license, upon forty-eight (48)

hours prior written notice to Seller, to enter upon the Property at all reasonable times prior to the end of the Contingency Period for the purpose of conducting such inspections and testing. In the event the Property is occupied by any person(s) other than Seller, Seller shall make arrangements with such person(s) to ensure access by Buyer and its authorized employees, representatives, agents and contractors to conduct the inspections and testing pursuant to this section. In exercising its access rights hereunder, Buyer shall not unreasonably interfere with such occupants and shall conduct its activities in a manner so as to minimize disruption of the occupants' use of the Property. Buyer shall indemnify, protect, defend (with legal counsel reasonably acceptable to Seller) and hold Seller harmless from and against any and all claims, liabilities, damages, costs and expenses arising from, related to or caused by, Buyer's entry upon the Property or the performance of any inspection or test conducted by or at the request of Buyer or its contractors or agents. To the extent that Buyer engages any third party to enter upon the Property, Buyer shall ensure that such third party obtains and maintains insurance in such amounts reasonably acceptable to Seller and shall name Seller as an additional insured. Buyer shall provide written evidence of such insurance to Seller before any such access.

7. Seller's Acts. Except only as permitted under this Agreement, Seller shall not encumber, sell or transfer, or agree to encumber, sell or transfer, the Property or any portion thereof or interest therein during the period from the Effective Date to the earlier of: (i) the Close of Escrow, or (ii) the date of the termination of this Agreement.

8. Deposit of Documents and Funds into Escrow. Seller and Buyer shall make the following deliveries to Escrow Holder at least one (1) business day prior to the Close of Escrow:

8.1 Buyer shall deliver a Certificate of Acceptance for the Grant Deed (duly executed by Buyer and acknowledged), an the Purchase Price less the Deposit and any credit for security deposits under leases, plus any additional funds required to pay costs payable by Buyer under Section 10 below.

8.2 Seller shall deliver the Grant Deed (duly executed by Seller and acknowledged), and federal and state tax withholding certificates so that tax withholding is not required of Escrow or Seller.

8.3 Buyer and Seller shall deliver counterpart originals of the tenant letters in the forms attached hereto as Exhibit "C" (one for each tenant of the Property).

9. Authorization to Record Documents, Send Tenant Letters and Disburse Funds. Escrow Holder is hereby authorized to record the Grant Deed and Certificate of Acceptance, and send counterpart originals of the Tenant Letter to the tenant named therein (by overnight delivery), disburse funds to pay any liens encumbering the Property, apply funds to costs, deliver any remaining funds to Seller, and provide copies of the federal and state tax withholding certificates to Buyer (showing no withholding is required), provided each of the following conditions has then been fulfilled:

9.1 The Title Company can issue the Title Policy in favor of Buyer, with a liability amount equal to the Purchase Price, showing fee title to the Property vested in Buyer, subject only to the Permitted Exceptions.

9.2 Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 8 above.

Unless otherwise instructed in writing, Escrow Holder is also authorized to record at the Close of Escrow any instrument delivered through Escrow if necessary or proper for the issuance of the Title Policy.

10. Costs and Prorations.

10.1 Seller shall pay: (i) fifty percent (50%) of the fees and charges of Escrow Holder, and (ii) the cost of the premium for a standard coverage Title Policy (excluding extended coverage, which if applicable shall be paid by Buyer). Buyer shall pay for the other fifty percent (50%) of the fees and charges of Escrow Holder, and the extra/incremental cost for extended title insurance coverage (if required by Buyer).

10.2 If the Escrow shall fail to close due to Buyer's default, then Buyer shall pay all Escrow and title cancellation charges. If the Escrow shall fail to close due to Seller's default, Seller will pay all Escrow and title cancellation charges.

10.3 If the Escrow shall fail to close for any reason other than Seller's or Buyer's default, Buyer will pay all Escrow and title cancellation charges.

10.4 Property taxes shall not be prorated as Buyer is tax-exempt; however, Buyer shall cooperate with Seller in good faith to obtain any refund of property taxes overpaid by Seller (i.e., allocable to the period after the Close of Escrow). Any real property taxes and assessments shall be apportioned and prorated with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs. To the extent that the actual real property taxes and assessments for the current year differ from the amount apportioned at the Close of Escrow, the parties shall make all necessary adjustments by appropriate payments between themselves following the Close of Escrow. All delinquent taxes and assessments (and any penalties therein) for periods prior to the Close of Escrow, if any, affecting the Property shall be paid by Seller.

10.5 Buyer shall receive a credit against the Purchase Price in the amount of all security deposits under leases affecting the Property, and all rents and other charges under the two existing leases shall be prorated.

10.6 Prorations may be determined on the basis of a 360-day year.

10.7 The provisions of this Section 10 shall survive the Close of Escrow.

11. Buyer's Conditions. Buyer's obligation to consummate the purchase of Property shall be contingent upon and subject to the occurrence of all of the following (or Buyer's written waiver thereof, it being agreed that Buyer can waive any or all such contingencies) on or before the Close of Escrow:

11.1 Title Company committing to issue an owner's title policy in favor of Buyer with a liability amount in the amount of the Purchase Price showing Buyer's fee interest in the Property subject only to the Permitted Exceptions (the "**Title Policy**").

11.2 Seller's delivery of all documents and funds required to be delivered by Seller under Section 8.2.

If any of the foregoing conditions precedent has not been either met or expressly waived in writing by Buyer on or prior to the last date for the Close of Escrow, then Buyer may terminate this Agreement upon written notice to Seller.

12. Seller's Conditions. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the sale of the Property shall be contingent upon and subject to the Buyer delivering all documents and funds required to be delivered by Buyer under Section 8.1 above on or before the Close of Escrow.

13. Seller's Delivery of Documents. Prior to or upon the Close of Escrow, Seller shall deliver to Buyer all material documents (including warranties) relating to the condition of the Property to the extent in the possession of Seller (and not previously delivered to Buyer). As of the Close of Escrow, Seller shall be deemed to have assigned all leases and lease guaranties to Buyer. The terms of this Section and Seller's obligations hereunder shall survive the Close of Escrow.

14. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until the Close of Escrow. If at any time after the Effective Date but prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, and escrow actually closes, then Buyer shall be entitled to receive all insurance proceeds payable to Seller or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller.

15. Relocation Assistance. In consideration for the Purchase Price, Buyer shall have no obligation to Seller under any federal or state relocation laws or regulations, including without limitation, the California Relocation Assistance and Real Property Acquisition statutes and guidelines. Seller waives and forever releases Buyer, including its successors, officers, employees, attorneys, agents, representatives and anyone else acting on Buyer's behalf, of and from any and all claims, demands, actions or causes of action, obligations, liabilities, or claims for further compensation relating to the matters described in this Section, known or unknown, based upon or relating to the facts or allegations and circumstances arising from Buyer's acquisition of the

Property. By such release, Seller expressly waives its rights, if any, under California Civil Code Section 1542 which provides:

> "A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

_____
Seller's initials

16. As Is. Buyer acknowledges and agrees that, except only as provided in Section 5.3 above and subject to Seller's obligation to disclose to Buyer all material facts about the Property actually known to Seller, Seller has not made, does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the value, nature, quality or condition of the Property, (b) the suitability of the Property for any uses which Buyer may conduct thereon, (c) the compliance of the Property with any laws, regulations, codes, or ordinances, (d) the zoning of the Property, (e) any governmental approvals or agreements concerning the Property, (f) the physical, environmental, title, regulatory, financial, or leasing condition of the Property, or (g) any other matter with respect to the Property. Subject to Seller's obligation to disclose to Buyer all material facts actually known to Seller about the Property, Buyer further acknowledges and agrees that having had the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property, and that the sale of the Property as provided for herein is made on an "as is" and "with all faults" basis. Effective upon the Close of Escrow, Buyer and anyone claiming by, through or under Buyer hereby fully and irrevocably releases Seller, its members, managers, permitted assignees, employees, representatives, and agents (collectively, the "Seller Parties") from any and all claims that it or they may now have or hereafter acquire against Seller or the Seller Parties for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any matters affecting the Property, except that the foregoing does not affect any obligation of Seller under applicable law to disclose all material facts about the Property actually known to Seller and not known to Buyer. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist in its favor which, if known by Buyer, would materially affect Buyer's release of Seller, except that the foregoing does not affect any obligation of Seller under applicable law to disclose all material facts about the Property known to Seller and not known to Buyer. Buyer specifically waives the provisions of California Civil Code Section 1542, which provides as follows:

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

_____
Initials of Buyer

17. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by reputable overnight messenger service, but must also be given by email. Notices shall be considered given upon the earlier of (a) one (1) business day following delivery to a reputable overnight messenger service (such as Federal Express for overnight delivery), or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested (provided the notice is also given by mail). Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Buyer: City of Monrovia
415 South Ivy Avenue
Monrovia, CA 91016
Attn: City Clerk

Seller: Monrovia Old Town Office Retail (Motor), LLC
_____
_____
Attn: _____

18. Broker's Commissions. Each party represents to the other that except for CIBA Real Estate, who represents Seller and whose commissions shall be paid by Seller, it has not engaged any broker, finder or salesperson in connection with this transaction. Each party shall defend, indemnify and hold the other party harmless from and against any and all claims for any broker's commissions or similar compensation that may be payable to any other broker, finder or other person or entity based upon such party's agreement, statement or acts. The provisions of this Section shall survive the Close of Escrow.

19. Standard Escrow Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement.

20. Time is of the Essence. Time is of the essence with respect to each term, condition and covenant hereof in which time is a factor.

21. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

22. Entire Agreement. This Agreement, together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

23. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

24. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

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

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, emailed (PDF) signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

27. Authority of City Manager. The City Manager of Buyer shall have the authority to give all consents, approvals and notices by the Buyer hereunder provided they are in writing.

28. Further Assurances. Buyer and Seller agree to execute such other and further documents and instruments as may be reasonably necessary or appropriate to carry out the purposes of this Agreement and to effectuate the transfer of the Property to Buyer.

SIGNATURE PAGE FOLLLOWS

DRAFT

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

BUYER/CITY:

CITY OF MONROVIA

By:_____
Becky Shevlin, Mayor

ATTEST:

_____
Alice D. Atkins, MMC, City Clerk

APPROVED AS TO FORM:

_____
Craig A. Steele, City Attorney

SELLER:

MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company

By: _____
Print Name: _____
Title: _____

DRAFT

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

THE LAND IN THE CITY OF MONROVIA, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 13 AND THE NORTHERLY 46.7 FEET OF LOT 14 IN BLOCK "B" OF THE TOWN OF MONROVIA, IN THE CITY OF MONROVIA, AS PER MAP RECORDED IN BOOK 9, PAGES 69 AND 70 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WESTERLY 12 FEET OF SAID LOTS RUNNING PARALLEL TO AND FRONTING ON MYRTLE AVENUE.

DRAFT

EXHIBIT "B"

FORMS OF GRANT DEED AND CERTIFICATE OF ACCEPTANCE

(Attached.)

DRAFT

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

CITY OF MONROVIA
415 South Ivy Avenue
Monrovia, CA 91016
Attn.: City Clerk

APN: 8516-012-011

[SPACE ABOVE FOR RECORDER'S USE ONLY]

THE UNDERSIGNED GRANTOR DECLARES AS FOLLOWS:

This transfer is exempt from Documentary Transfer Tax pursuant to Revenue & Taxation Code Section 11922 (conveyance to a public entity). Property is in the City of Monrovia, County of Los Angeles.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company [CAPITALIZE?] ("Grantor") hereby grant to the CITY OF MONROVIA, a California municipal corporation ("Grantee"), the land located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described on Exhibit "A", and all improvements and fixtures thereon (the "Property").

IN WITNESS WHEREOF, Grantor has duly executed this Grant Deed.

MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC,
a California limited liability company

By: _____
Print Name: _____
Title: _____

[NEED LLC OPERATING AGREEMENT TO VERIFY AUTHORITY/SIG BLOCK]

DRAFT

EXHIBIT "A" TO GRANT DEED

LEGAL DESCRIPTION

THE LAND IN THE CITY OF MONROVIA, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 13 AND THE NORTHERLY 46.7 FEET OF LOT 14 IN BLOCK "B" OF THE TOWN OF MONROVIA, IN THE CITY OF MONROVIA, AS PER MAP RECORDED IN BOOK 9, PAGES 69 AND 70 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WESTERLY 12 FEET OF SAID LOTS RUNNING PARALLEL TO AND FRONTING ON MYRTLE AVENUE.

DRAFT

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

State of California)
County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

CERTIFICATE OF ACCEPTANCE
(California Government Code Section 27281)

This is to certify that interests in real property conveyed to or created in favor of the City of Monrovia by that certain Grant Deed dated _____, 2023, executed by MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company, is hereby accepted by the undersigned officer on behalf of the City of Monrovia pursuant to the authority conferred by action or resolution of the City of Monrovia taken or adopted on _____, 2023, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2023

_____
Alice D. Atkins, MMC
City Clerk

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

State of California)
County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

EXHIBIT "C"

FORMS OF TENANT NOTICES (2)

(Attached.)

_____, 2023

VIA CERTIFIED MAIL AND FEDERAL EXPRESS

Judy Hiep (dba "Let's Go Hair Salon")
328 S. Myrtle Avenue
Monrovia CA 91016

Re: Notice of Sale of Leased Property, and Change of Landlord; Standard Industrial/Commercial Multi-Tenant Lease dated October 10, 2022 (with addendum) between MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company, as landlord, and JUDY HIEP, an individual (dba "Let's Go Hair Salon"), as tenant (the "Lease")

Ladies and Gentlemen:

The City of Monrovia ("New Landlord") has purchased the property that is subject to the above-referenced Lease.

New Landlord has received your $10,780.94 security deposit (by virtue of a credit against the purchase price for the property).

The New Landlord's address for notices as the new landlord under the Lease is as follows: 415 South Ivy Avenue, Monrovia, CA 91016, Attn: _____. You are hereby directed to also make all future payments under the Lease (including rent) to the New Landlord at such address.

The contact person and phone number for the New Landlord is _____ .

Very truly yours:

BUYER/NEW LANDLORD:

CITY OF MONROVIA

By: _____
Dylan Feik, City Manager

SELLER/OLD LANDLORD:

MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC

By: _____
Print Name: _____
Title: _____

VIA CERTIFIED MAIL AND FEDERAL EXPRESS

SGVRE, Inc.
328 S. Myrtle Avenue
Monrovia, CA 91016

Re: Notice of Sale of Leased Property, and Change of Landlord; Standard Industrial/Commercial Multi-Tenant Lease dated November 4, 2022 (with addenda) between MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC, a California limited liability company, as landlord, and SGVRE, Inc., as tenant (the "Lease")

Ladies and Gentlemen:

The City of Monrovia ("New Landlord") has purchased the property that is subject to the above-referenced Lease.

New Landlord has received your $4,240.04 security deposit (by virtue of a credit against the purchase price for the property).

The New Landlord's address for notices as the new landlord under the Lease is as follows: 415 South Ivy Avenue, Monrovia, CA 91016, Attn: _____.

You are hereby directed to also make all future payments under the Lease (including rent) to the New Landlord at such address.

The contact person and phone number for the New Landlord is _____ ; _____.

Very truly yours:

BUYER/NEW LANDLORD:

CITY OF MONROVIA

By: _____
Dylan Feik, City Manager

SELLER/OLD LANDLORD:

MONROVIA OLD TOWN OFFICE RETAIL (MOTOR), LLC

By: _____
Print Name: _____
Title: _____