



City of La Quinta

CITY / SA / HA / FA MEETING DATE: March 4, 2014

ITEM TITLE: ADOPT A RESOLUTION TO APPROVE A PURCHASE AND SALE AGREEMENT WITH MALIA MONROE FOR THE SALE OF CITY PROPERTY LOCATED AT 51351 AVENIDA BERMUDAS

AGENDA CATEGORY:

BUSINESS SESSION:

CONSENT CALENDAR: 5

STUDY SESSION:

PUBLIC HEARING:

RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to enter into a Purchase and Sale Agreement with Malia Monroe for the sale of the former Village Police Sub-station located at 51351 Avenida Bermudas.

EXECUTIVE SUMMARY:

- The subject property and existing building was the former location of the Village Police Sub-station until 2012, when this operation was relocated to City Hall.
- The building is currently vacant and the City no longer has a need for the property.
- Ms. Monroe recently submitted an offer to purchase the property as is and intends to use it for an office.
- The purchase offer is in excess of the appraised value previously identified in the appraisal report completed in March 2013.

FISCAL IMPACT:

The City would receive \$130,675 in land sale income. Staff recommends that the City establish an Economic Development Investment Fund and deposit these sale proceeds in this fund.

BACKGROUND/ANALYSIS:

The 10,380 square-foot parcel and building was acquired by the City in March 1989. The 772 square-foot circa 1950's building has namely been used for various operations including the La Quinta Chamber of Commerce and most recently the

Village Police Sub-station. In 2012, the property was vacated as the Police Sub-station was relocated to City Hall. The property has remained vacant since, with an interest to pursue various options including selling the property. A 17-stall public parking lot adjoins the subject property to the west that is located on a separate City owned parcel. Two off-street parking spaces currently exist on the subject property, which are accessed via Avenida Bermudas.

In March of 2013, an appraisal was completed for the property identifying an “as is” market value estimate. Staff became aware of potential asbestos and ADA compliance issues just prior to the appraisal being conducted, which prompted the appraisal to also identify a vacant lot value.

After the Police Sub-station was relocated in 2012, the Chamber of Commerce expressed interest in acquiring the property, provided the City address the potential aforementioned building issues, fund building remodel needs as well as carry a note for a minimum of 10 years. This option was not pursued due to potential cost. Earlier this year, staff received an all-cash offer from La Quinta Palms Realty for the purchase of the property in “as is” condition. The offer reflects a property value of \$12.50 per square foot. The prospective purchaser, Malia Monroe, intends to remodel the building and move her existing La Quinta business, Four Seasons Escrow, into the building.

A purchase and sale agreement has recently been drafted representative of Ms. Monroe’s offer. The agreement identifies the property being sold as is, absolving the City of any liability associated with the building’s condition. Additionally, the agreement does not provide any allowance or right to use of the existing public parking lot. However, the agreement does identify the legal non-conforming status regarding off street parking, allowing the status to continue so long as the building is used as an office. The attached Purchase and Sale Agreement (Attachment 2) embodies the aforementioned terms.

ALTERNATIVES:

Council may elect to not enter into a purchase and sale agreement or provide direction to staff regarding any changes to the terms of the purchase and sale agreement.

Report prepared by: Les Johnson, Community Development Director
Report approved for submission by: Frank J. Spevacek, City Manager

- Attachments:
1. Vicinity Map
 2. Purchase and Sale Agreement

RESOLUTION NO. 2014 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA QUINTA APPROVING AN AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS BETWEEN THE CITY OF LA QUINTA AND MALIA MONROE FOR PROPERTY LOCATED IN THE LA QUINTA VILLAGE AT 51351 AVENIDA BERMUDAS

WHEREAS, the City of La Quinta ("City") desires to see high quality and vibrant and economically healthy commercial activity in the La Quinta Village that includes a mix of office, retail, and restaurant uses; and

WHEREAS, such development will generate additional commerce and provide as well as promote development in accordance with the goals, policies and programs of the La Quinta General Plan; and

WHEREAS, City staff has negotiated an Agreement for Purchase and Sale and Escrow Instructions ("Agreement") with Malia Monroe ("Malia") ("Exhibit A" attached), pursuant to which the City has agreed to sell to Malia certain real property located in the La Quinta Village at 51351 Avenida Bermudas, comprising of approximately 10,380 square feet, in the amount of \$12.50 per square foot, pursuant to the terms and conditions set forth in the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LA QUINTA AS FOLLOWS:

SECTION 1. That the above recitals are true and correct and incorporated herein.

SECTION 2. That the City Council of the City of La Quinta hereby finds and determines that the sale of said property is in the best interests of the citizens of the City of La Quinta.

SECTION 3. The Agreement, a copy of which is on file with the City Clerk, is hereby approved. The City Council authorizes and directs the City Manager and City Attorney to make any final modifications to the Agreement that are consistent with the substantive terms of the Agreement approved hereby, and to thereafter sign the Agreement on behalf of the City.

SECTION 4. The City Council authorizes and directs the City Manager to (i) sign such other and further documents, including but not limited to escrow instructions,

and (ii) take such other and further actions, as may be necessary and proper to carry out the terms of the Agreement.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of La Quinta held this 4th day of March, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DON ADOLPH, Mayor
City of La Quinta, California

ATTEST:

SUSAN MAYSELS, City Clerk
City of La Quinta, California

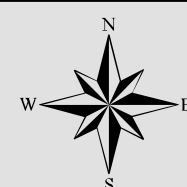
(CITY SEAL)

APPROVED AS TO FORM:

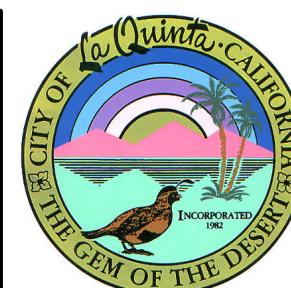
M. KATHERINE JENSON, City Attorney
City of La Quinta, California



Former Police Substation



February 18, 2014



City of La Quinta
 Planning Division
 Community Development Department

ATTACHMENT 2

**AGREEMENT FOR PURCHASE AND SALE
AND ESCROW INSTRUCTIONS
BY AND BETWEEN THE
CITY OF LA QUINTA
("SELLER")
AND
MALIA MONROE, AN INDIVIDUAL
("BUYER")**

**AGREEMENT FOR PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS (“**Agreement**”) is made and entered into as of _____, 2014 (“Effective Date”) by and between the CITY OF LA QUINTA, a Municipal Corporation (“**Seller**”), and MALIA MONROE, an individual (“**Buyer**”).

R E C I T A L S :

A. Seller is the owner of that certain improved real property located at 51351 Avenida Bermudas, in the City of La Quinta, County of Riverside, State of California (the “**Property**”). A legal description of the Property is attached hereto and incorporated herein as Exhibit “A”.

B. Buyer desires to purchase the Property from Seller and Seller desires to sell the Property to Buyer, on the terms and conditions set forth herein.

A G R E E M E N T :

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

1. **PURCHASE PRICE.**

1.1 **Amount.** Subject to the terms of this Agreement, Buyer hereby agrees to purchase the Property from Seller, and Seller agrees to sell the Property to Buyer, for the purchase price of One Hundred Thirty Thousand Six Hundred Seventy-Five Dollars (\$130,675.00) (“**Purchase Price**”).

1.2 **Payment of Purchase Price.** Within five (5) days after the “Opening of Escrow” Buyer shall deposit with “Escrow Holder” (as those terms are defined in Section 2.1 below) in “Good Funds” (as used in this Agreement, the term “**Good Funds**” shall mean a confirmed wire transfer of immediately available funds, cashier’s or certified check drawn on or issued by the office of a financial institution located in Riverside County, or cash) (i) the sum of One Hundred Dollars (\$100) (the “**Independent Contract Consideration**”) as consideration for Seller’s execution and delivery of this Agreement and Buyer’s right to approve or disapprove any Buyer contingencies set forth in this Agreement; and (ii) the sum of Ten Thousand Dollars (\$10,000) as a good faith deposit (the “**Deposit**”).

In the event the “Escrow” (as that term is defined in Section 2.1) closes, Escrow Holder shall apply the Independent Contract Consideration and Deposit towards the Purchase Price. In the event the Escrow is terminated and fails to close, for any reason other than a default hereunder by Seller, Escrow Holder shall promptly, but no later than five (5) days after said termination, release the Independent Contract Consideration to Seller.

In the event the Escrow is terminated and fails to close, for any reason other than a default hereunder by Buyer, Escrow Holder shall promptly, but no later than five (5) days after said termination, return the Deposit to Buyer.

On or before 5:00 p.m. on the business day preceding the "Closing Date" (as that term is defined in Section 4.1) or such earlier time as required by Escrow Holder in order to close Escrow on the Closing Date, Buyer shall deposit with Escrow Holder in Good Funds the Purchase Price, less the Deposit and Independent Contract Consideration, and such additional funds as may be required to meet Buyer's portion of the closing costs as hereinafter provided.

2. ESCROW.

2.1 Opening of Escrow. Closing of the sale of the Property shall take place through an escrow ("**Escrow**") to be established within three (3) business days after the execution of this Agreement by the parties hereto, with Four Seasons Escrow ("**Escrow Holder**") at its office located at 51350 Desert Club Drive - Suite 5 La Quinta, CA. The opening of the Escrow (the "**Opening of Escrow**") shall be deemed to be the date that a fully executed copy of this Agreement is delivered to the Escrow Holder. Escrow Holder is instructed to notify Buyer and Seller in writing of the date of the Opening of Escrow.

2.2 Escrow Instructions. This Agreement, once deposited in Escrow, shall constitute the joint escrow instructions of Buyer and Seller to Escrow Holder. Additionally, if Escrow Holder so requires, Buyer and Seller agree to execute the form of escrow instructions that Escrow Holder customarily requires in real property escrows administered by it. In the event of any conflict or inconsistency between Escrow Holder's standard instructions and the provisions of this Agreement, the provisions of this Agreement shall supersede and be controlling.

3. DUE DILIGENCE.

3.1 Due Diligence. As used herein, the term "**Due Diligence Period**" shall refer to a period of time to expire upon the date that is thirty (30) days after the Opening of Escrow. Buyer's obligation to consummate the transactions contemplated by this Agreement is subject to and conditioned upon Buyer's approval, deemed approval, or waiver of the right to approve of the following contingencies set forth in this Section 3.1 (collectively, the "**Contingencies**"):

3.1.1 Title/Survey. Within five (5) days after the Effective Date, Seller shall deliver to Buyer a preliminary title report prepared by Orange Coast Title Company ("Title Company") describing the state of title of the Property together with copies of all underlying documents (collectively the "**Preliminary Title Report**"). Notwithstanding anything herein to the contrary, Seller shall be obligated to remove all monetary encumbrances against the Property excluding non-delinquent real property taxes and assessments. Buyer shall notify Seller in writing of any objections Buyer may have to title exceptions contained in the Preliminary Title Report no later than the date which is

fifteen (15) days after its receipt of the Preliminary Title Report (“**Buyer’s Objection Notice**”). Buyer’s approval or disapproval of the matters set forth in the Preliminary Title Report may be granted or withheld in Buyer’s sole and absolute discretion. Buyer’s failure to provide Seller with a Buyer’s Objection Notice within said period shall constitute Buyer’s approval of all exceptions to title shown on the Preliminary Title Report. Seller shall have a period of ten (10) days after receipt of Buyer’s Objection Notice in which to deliver written notice to Buyer (“**Seller’s Notice**”) of Seller’s election to either (i) agree to remove the objectionable items on the Preliminary Title Report prior to the “Close of Escrow” (as that term is defined in Section 4.1 below) or (ii) decline to remove any such title exceptions and terminate Escrow and the obligations of Buyer and Seller to purchase and sell the Property under this Agreement. Seller’s failure to provide Buyer with Seller’s Notice within said period shall constitute Seller’s election to decline to remove such title exceptions and to terminate Escrow and the obligations of Buyer and Seller to purchase and sell the Property under the Agreement. If Seller notifies Buyer of its election to terminate the Escrow and this Agreement rather than remove the objectionable items on the Preliminary Title Report or is deemed to have so elected, Buyer shall have the right, by written notice delivered to Seller within five (5) days after Buyer’s receipt of Seller’s Notice, to agree to accept the Property subject to the objectionable items, in which event Seller’s election to terminate shall be of no effect, and Buyer shall take title at the Close of Escrow subject to such objectionable items without any adjustment to or credit against the Purchase Price. All exceptions to title shown on the Preliminary Title Report, other than those which Seller may agree to remove pursuant to this Section 3.1.1, shall be deemed to have been approved by Buyer unless Seller is notified otherwise in writing.

Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Buyer’s initial period of review and approval or disapproval of any such additional exceptions shall be limited to ten (10) days following receipt of notice of such additional exceptions. The process set forth above for Buyer’s review and Seller’s response shall apply to any review and response with respect to any amendment or supplement to the Preliminary Title Report, and the “Closing” (as that term is defined in Section 4.1 below) shall be extended for such period as is necessary to allow for that review and response process to be completed.

3.1.2 Environmental Condition.

(a) During the Due Diligence Period, Seller shall permit Buyer and Buyer’s directors, engineers, analysts, officers, employees, agents, contractors, subcontractors, consultants, representatives, attorneys and advisors (collectively, the “**Buyer Representatives**”), at the sole cost and expense of Buyer, to conduct physical inspections of the Property, including the site work, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, hazardous materials or wastes, if any, and any other investigations as Buyer deems prudent with respect to the physical

condition of the Property in order to determine the Property's suitability for Buyer's intended development. In no event shall Buyer conduct any intrusive testing procedures on the Property without the prior written consent of Seller, which consent shall not be unreasonably withheld. Such investigations may be made by Buyer and/or Buyer Representatives during any normal business hours. Buyer shall also have the right to investigate all matters relating to the zoning, use and compliance with other applicable laws, codes, and ordinances which relate to the use and occupancy of the Property. Seller shall cooperate to assist Buyer in completing such inspections and special investigations at no cost or expense to Seller. Such inspections and investigations shall be conducted only upon no less than forty-eight (48) hours' notice to Seller and shall be conducted at such times and in such a manner as to minimize any disruption to the Property. Seller shall have the right, but not the obligation, to accompany Buyer during such investigations and/or inspections.

(b) As a condition to any such entry, Buyer shall (i) conduct all work or studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the Property during or after such investigation; (ii) comply with all applicable laws and governmental regulations; (iii) keep the Property free and clear of all materialmen's liens, lis pendens and other liens arising out of the entry and work performed under this paragraph; (iv) maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the property in the amounts required by the State of California; (v) provide to Seller prior to initial entry a certificate of insurance evidencing that Buyer and/or the persons entering the Property have procured and have in effect an all-risk public liability insurance policy meeting the following requirements: (1) the insurance shall be written on a per occurrence and not claims-made basis; (2) the amount of insurance shall be a combined single limit of not less than One Million Dollars (\$1,000,000.00) with a deductible or self-insured retention amount of not more than Ten Thousand Dollars (\$10,000); (3) the policy shall name or be endorsed to Seller and Seller's officers, officials, members, employees, agents, and representatives (collectively, "**Seller & Seller Personnel**") as additional insureds; (4) the insurance shall not contain any special limitations on the scope of protection afforded to Seller & Seller Personnel; (5) the policy shall not be canceled by the insurer or Buyer unless there is a minimum of thirty (30) days prior written notice to Seller; (6) the insurer shall waive subrogation rights against the Seller & Seller Personnel; and (7) the insurance shall be primary insurance and not contributory with any insurance any of the Seller & Seller Personnel may have; and (8) the insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability; and (vi) following Buyer's entry, repair any and all

damage to the Property caused by such inspections or investigations in a timely manner.

(c) Buyer shall promptly pay and discharge all demands for payment relating to Buyer's entry on and investigation of the Property and take all other steps to avoid the assertion of claims of lien against the Property. In the event a claim of lien is recorded by reason of Buyer's entry on the Property, Buyer, within fifteen (15) days of such recordation, shall either (i) record or deliver a surety bond sufficient to release such claim or lien in accordance with applicable law; or (ii) provide Seller with such other assurance as Seller may require for the payment of the claim or lien. Seller may elect to record and post notices of non-responsibility from time to time on and about the Property.

(d) Buyer agrees to indemnify, defend, protect, and hold Seller & Seller Personnel and the Property, free and harmless from any and all loss, liability, claims, action, suit, proceeding, deficiency, fine, penalty, damages and expenses (including, but not limited to, reasonable attorneys' fees, expert witness fees, and costs) arising directly or indirectly from: (i) the exercise of said entry, (ii) Buyer's failure to comply with the conditions to Buyer's entry onto the Property provided herein, and (iii) the presence of any Hazardous Materials (as defined in Section 12 herein) on, under, in or about the Property occurring prior to or after the Close of Escrow resulting from the activities of Buyer or Buyer Representatives on the Property prior to the Close of Escrow. Such undertaking of indemnity shall survive Close of Escrow or the termination of this Agreement for any reason.

(e) Prior to expiration of the Due Diligence Period, Buyer shall notify Seller in writing ("**Buyer's Property Objection Notice**") of any objections Buyer may have to any physical or environmental conditions of the Property (the "**Disapproved Property Matters**"). Buyer's approval or disapproval of the physical and environmental conditions of the Property may be granted or withheld in Buyer's sole and absolute discretion. Buyer's failure to timely provide Seller with a Buyer's Property Objection Notice shall constitute Buyer's approval of the condition of the Property. Seller shall have a period of fifteen (15) days after receipt of Buyer's Property Objection Notice in which to deliver written notice to Buyer ("**Seller's Response**") of Seller's election to either (i) agree to remove the objectionable items prior to the Close of Escrow, or (ii) decline to remove the objectionable items and terminate Escrow and the obligations of Buyer and Seller to purchase and sell the Property under this Agreement. Seller's failure to provide Buyer with Seller's Response within said period shall constitute Seller's election to terminate Escrow and the obligations of Buyer and Seller to purchase and sell the Property under this Agreement. If Seller notifies Buyer of its election to terminate Escrow rather than remove the objectionable items or if Seller is deemed to have elected to

terminate Escrow rather than remove the objectionable items, Buyer shall have the right, by written notice delivered to Seller within five (5) days after Buyer's receipt of Seller's Response, to agree to accept the Property subject to the objectionable items, in which event Seller's election to terminate Escrow shall be of no effect, and Buyer shall take title at the Close of Escrow subject to such objectionable items without any adjustment to or credit against the Purchase Price. Buyer's inspections and investigations of the Property shall be conducted upon the terms and conditions set forth in this Agreement.

3.2 Confidentiality. Any and all information made available to Buyer under this Agreement or discovered by Buyer during its investigation of the Property shall be treated as confidential by Buyer and such information shall not be disclosed prior to the Close of Escrow without the prior written consent of Seller; provided, however, that Buyer may disclose said information (i) to any attorney, accountant, engineer or consultant providing services to Buyer in the normal and ordinary course of business, (ii) to a court or any other official body if said confidential information is subpoenaed by that court or official body; provided that Buyer notifies Seller, in writing, of the receipt of such subpoena, and (iii) if required to disclose such information pursuant to the California Public Records Act or other applicable law. Seller shall be permitted to pursue, at Seller's cost, such confidentiality order with or without Buyer. Additionally, if this Agreement terminates for any reason whatsoever, Buyer shall return to Seller all written information delivered by Seller to Buyer pursuant hereto, and all copies of such information made by Buyer, within ten (10) days after termination hereof. The provisions of this Section 3.2 shall survive any termination of this Agreement.

4. CLOSE OF ESCROW.

4.1 Close of Escrow; Closing Date. Provided that all of the conditions of this Agreement precedent to the Close of Escrow have been satisfied (or waived by the appropriate party) prior to or on the Closing Date (as hereinafter defined), the Closing (as hereinafter defined) of this transaction for the sale and purchase of the Property shall take place on the date which is five (5) days after the date on which all of Buyer's Conditions to Closing and all of Seller's Conditions to Closing have been satisfied (or waived by the appropriate party); provided, however, in no event shall the Closing occur, if at all, later than the date which is sixty (60) days after the Effective Date ("**Closing Date**"). The terms "**Close of Escrow**" and the "**Closing**" are used herein to mean the time Seller's grant deed conveying fee title to the Property to Buyer is recorded in the Official Records of the Office of the County Recorder of Riverside ("**Official Records**"). If Escrow is not in a condition to close by the Closing Date, either party not then in default hereunder may, upon five (5) days advance written notice to the other party and Escrow Holder, elect to terminate this Agreement and the Escrow. No such termination shall release either party then in default from liability for such default. If neither party so elects to terminate this Agreement and the Escrow, Escrow Holder shall close the Escrow as soon as possible.

4.2 Recordation; Release of Funds and Documents. Escrow Holder is directed, on the Closing Date, to record in the Official Records, the following documents in the order listed: (i) the grant deed in the form of the attached Exhibit "B" transferring title to the Property to Buyer ("**Grant Deed**"); and (ii) such other and further documents as may be directed jointly by Buyer and Seller.

Upon the Closing, Escrow Holder shall deliver (i) the Purchase Price, less Seller's closing costs, to Seller, and (ii) conformed copies of all recorded documents to both Buyer and Seller.

4.3 Escrow Cancellation Charges. If the Escrow does not close due to a default by one of the parties, the defaulting party shall bear all "Escrow Cancellation Charges" (as that term is defined below). If the Close of Escrow does not occur for any reason other than the default of a party, then Buyer and Seller shall each pay fifty percent (50%) of any Escrow Cancellation Charges. As used herein, "Escrow Cancellation Charges" means all fees, charges and expenses incurred by Escrow Holder or third parties engaged by Escrow Holder, as well as all expenses related to the services of the Title Company in connection with the issuance of the Preliminary Title Report and other title matters.

5. DELIVERY OF DOCUMENTS REQUIRED FROM BUYER AND SELLER.

5.1 Buyer's Obligations. Buyer agrees that on or before 5:00 p.m. of the last business day immediately preceding the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following:

- (a) The Purchase Price, less the Deposit and Independent Contract Consideration; and
- (b) Any and all additional funds, instruments or other documents required from Buyer (executed and acknowledged where appropriate) as may be reasonably necessary in order for the Escrow Holder to comply with the terms of this Agreement.

5.2 Seller's Obligations. Seller agrees that on or before 5:00 p.m. of the last business day immediately preceding the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder each of the following:

- (a) The executed and acknowledged Grant Deed;
- (b) A Certificate of Non-Foreign Status (the "**Non-Foreign Affidavit**") executed and acknowledged by Seller substantially in the form attached hereto as Exhibit "C"; and
- (c) All other funds, items, and instruments required from Seller (executed and acknowledged where appropriate) as may be reasonably necessary in order for Escrow Holder to comply with the provisions of this Agreement.

6. TITLE INSURANCE POLICY.

6.1 Title Policy. At the Closing Date, the Title Company, as insurer, shall issue an ALTA owner's standard coverage policy of title insurance ("**Title Policy**"), in favor of Buyer, as insured, with liability in the amount of the Purchase Price, subject to the following:

- (a) Non-delinquent real property taxes and assessments;
- (b) Title exceptions approved or deemed approved by Buyer pursuant to Section 3.1.1 above;
- (c) Title exceptions, if any, resulting from Buyer's entry onto the Property pursuant to the provisions of Section 3.1.2 above;
- (d) Any other exceptions approved by Buyer; and
- (e) The standard printed conditions and exceptions contained in the ALTA standard owner's policy of title insurance regularly issued by the Title Company.

6.2 Payment for Title Policy. Seller shall be responsible for the charges for the Title Policy with coverage up to the amount of the Purchase Price. Buyer may, at its election, request an ALTA extended policy of title insurance. Buyer shall pay the difference for the charges between the premium for the extended coverage title policy and the premium for the standard coverage title policy that Seller is responsible for hereunder and the cost for any endorsements requested by Buyer.

7. REAL PROPERTY TAXES. Buyer shall pay all property taxes and assessments. The Property is currently exempt from the payment of property taxes and assessments due to Seller's status as a public agency. In the event, however, property taxes or assessments are mistakenly assessed against the Property after the Closing for any period prior to the Closing, Buyer shall be responsible for timely payment thereof but Buyer may apply for a refund for that portion of taxes and assessments allocated to any period prior to the Closing, in accordance with the applicable provisions of the Revenue and Taxation Code. Seller shall cooperate with Buyer, at no cost to Seller, to effect such refund.

8. CONDITIONS PRECEDENT TO CLOSING.

8.1 Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement to purchase the Property and close the Escrow shall be subject to the satisfaction or signed written waiver by Buyer of each and all of the following conditions precedent (collectively "**Buyer's Conditions to Closing**"):

- (a) On the Closing Date, the Title Company shall be irrevocably committed to issue the Title Policy pursuant to Section 6 above insuring fee title to the Property as being vested in Buyer;

- (b) Escrow Holder holds all instruments and funds required for the Closing, including, but not limited to, the fully executed and acknowledged Grant Deed, and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement;
- (c) Except as otherwise permitted by this Agreement, all representations and warranties by the Seller in this Agreement shall be true on and as of the Closing Date as though made at that time and all covenants of Seller pursuant to this Agreement shall have been fulfilled by the Closing Date;
- (d) Seller is not in default of any term or condition of this Agreement.

In the event that any of Buyer's Conditions to Closing are not satisfied, deemed satisfied, or waived in a writing signed by Buyer prior to the expiration of the applicable period for satisfaction or waiver, Buyer may terminate this Agreement.

8.2 Conditions Precedent to Seller's Obligations. The obligations of Seller under this Agreement shall be subject to the satisfaction or signed written waiver by Seller of each and all of the following conditions precedent ("**Seller's Conditions to Closing**"):

- (a) Escrow Holder holds the Purchase Price and all other instruments and funds required for the Closing and will deliver to Seller the instruments and funds, including, but not limited to, the Purchase Price (less Seller's closing costs) accruing to Seller pursuant to this Agreement;
- (b) Except as otherwise permitted by this Agreement, all representations and warranties by the Buyer in this Agreement shall be true on and as of the Closing Date as though made at that time and all covenants of Buyer pursuant to this Agreement shall have been fulfilled by the Closing Date;
- (c) Buyer is not in default of any term or condition of this Agreement.

In the event that any of Seller's Conditions to Closing are not satisfied, deemed satisfied, or waived in a writing signed by Seller prior to the expiration of the applicable period for satisfaction or waiver, Seller may terminate this Agreement.

9. POSSESSION. Possession of the Property shall be delivered by Seller to Buyer on the Closing Date.

10. ALLOCATION OF COSTS.

10.1 Buyer's Costs. Buyer shall pay the following costs:

- (a) One Hundred percent (100%) of Escrow Holder's escrow fee;
- (b) Buyer's own attorney's fees incurred in connection with this Agreement and the transactions contemplated hereby;
- (c) All charges for recording the Grant Deed, if any;
- (d) The premium difference between the ALTA extended policy of title insurance and the ALTA standard coverage policy of title insurance if Buyer requests an extended policy; and
- (e) Any additional title insurance coverage Seller is not required to pay for plus any title endorsements requested by Buyer.

10.2 Seller's Costs. Seller shall pay:

- (a) Zero percent (0%) of the Escrow Holder's escrow fee;
- (b) Seller's own attorney's fees in connection with this Agreement and the transactions contemplated hereby;
- (c) Any documentary transfer taxes associated with the conveyance;
- (d) Fifty percent (50%) of all the charges for recording the Grant Deed, if any; and
- (e) The premium for the Title Policy that Seller is required to pay pursuant to this Agreement.

11. BUYER ACKNOWLEDGEMENTS. Buyer understands, acknowledges, and agrees that:

- (a) The current zoning for the Property is Major Community Facilities. City of La Quinta staff shall assist Buyer, at no cost to Buyer, to process through the City of La Quinta a general plan amendment and zone change to change the zoning of the Property to Village Commercial;
- (b) The Property is legally nonconforming with respect to on-site parking. No additional on-site parking is required for office or similar use. Change in use and/or future building expansion will require compliance with City's parking standards for additional demand;
- (c) Seller makes no representation or warranty that any public property located adjacent to or near the Property that is currently available as public parking will remain available as public parking, and Seller hereby notifies Buyer that Seller may at any time determine to sell

and/or develop any such public property for uses other than public parking;

- (d) The improvements on the Property were believed to be constructed before 1970 and may contain asbestos;
- (e) The Improvements on the Property are not compliant with the requirements of the Americans with Disabilities Act.

12. “AS-IS”; Release.

Except as expressly provided herein, and subject to the limited representations and warranties of Seller set forth in this Agreement, Buyer acknowledges that (i) Buyer’s purchase of the Property will be based on Buyer’s own investigation and Buyer must perform its own due diligence with respect to all environmental matters relating to the Property, (ii) Buyer is not relying on any environmental audits or assessments performed by or on behalf of Seller, (iii) Buyer is acquiring the Property in an “AS-IS, WHERE-IS, WITH ALL FAULTS” condition, with no representation or warranty by Seller, express or implied, regarding the presence of uncompact fill, the condition of the soil, the geology, seismology, hydrology, or similar matters on, under, or affecting the Property, the existence or condition of any improvements in, on, or under the Property, the presence or absence of any “Hazardous Materials” (as that term is defined below) in, on, under, or affecting the Property, or that the Property is suitable for Buyer’s contemplated use. Buyer acknowledges that Seller has undertaken no investigation, and does not intend to undertake any investigation, concerning any aspect of the physical or environmental condition of the Property and in no event shall Seller have any obligation under this Agreement to cure or correct any physical defects or problems with respect to the Property.

As used herein, the term “**Hazardous Materials**” shall mean any substance, material, or waste which is, or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste”, “extremely hazardous waste”, or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C.

§1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.*

Upon Seller’s conveyance of fee title to the Property to Buyer, Buyer shall be deemed to have waived, released and discharged forever Seller from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Property, any Hazardous Materials on the Property, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Property, however they came to be placed there, except that arising out of the negligence or intentional misconduct of Seller.

Buyer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or 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”.

Only with respect to the condition of the Property as set forth in this Section 12 Buyer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

_____ Buyer’s Initials

13. DAMAGE, DESTRUCTION AND CONDEMNATION.

13.1 Risk of Physical Loss. Seller, prior to the Closing, shall promptly notify Buyer in writing of any fire, casualty, or other damage (other than de minimis damage) to the Property of which Seller has knowledge (as that term is defined below). In the event of fire, casualty, or other damage (insured or not) to the Property which is reasonably estimated to cost Ten Thousand Dollars (\$10,000) or more to repair, restore, or remediate, then Buyer, may on written notice to Seller terminate this Agreement and the Escrow; provided that Buyer shall not have caused such fire, casualty, or other damage. If any such occurrence costs less than Ten Thousand Dollars (\$10,000), or if Buyer does not so terminate this Agreement pursuant to its rights under this Section 13.1, this Agreement and the Escrow shall continue in effect and Seller shall assign all available insurance proceeds to Buyer, if any, received by Seller related to such fire, casualty, or other damage (other than de minimis damage). As used in the preceding sentence, the term “**knowledge**” shall mean the actual (not constructive or imputed) knowledge of Frank J. Spevacek (Seller’s City Manager), without any investigation or inquiry or duty of investigation or inquiry.

13.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any proceedings of or leading to eminent domain

or similar type proceedings to take all or any portion of the Property, Buyer or Seller shall promptly meet and confer in good faith to evaluate the effect of such action on the purposes of this Agreement and following such meeting either Buyer or Seller may terminate this Agreement.

14. WAIVER OF DAMAGES; SPECIFIC PERFORMANCE. In the event a party defaults under this Agreement, the non-defaulting party's sole and exclusive remedy will be for specific performance of this Agreement. EACH PARTY HEREBY WAIVES ANY RIGHT TO PURSUE DAMAGES RESULTING FROM A DEFAULT OR BREACH OF THIS AGREEMENT, AND IN NO EVENT SHALL THE DEFAULTING PARTY BE LIABLE FOR DAMAGES FOR A DEFAULT OR BREACH OF DEFAULTING PARTY'S OBLIGATION UNDER THIS AGREEMENT, ALL OF WHICH RIGHTS ARE HEREBY WAIVED AND RELINQUISHED BY THE NON-DEFAULTING PARTY. The parties agree that the foregoing limitation on their respective remedies and measure of damages is reasonable under all of the circumstances of this Agreement, and is material consideration for the parties entering into this Agreement.

Seller's Initials

Buyer's Initials

15. MISCELLANEOUS.

15.1 Assignment. This Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns. Neither party to this Agreement may assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent and approval of the other party, which consent and approval may be withheld in the sole and absolute discretion of either party. No provision of this Agreement is intended nor shall in any way be construed to benefit any party not a signatory hereto or to create a third party beneficiary relationship; provided, however, that notwithstanding the foregoing, the City shall be an express third party beneficiary with respect to the indemnities and other matters set forth in this Agreement which specifically and expressly run to the City's benefit.

15.2 Attorney's Fees. In the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions to this Agreement or the Escrow or otherwise in connection with the Property, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including without limitation its expert witness fees and reasonable attorney's fees.

15.3 Notices. All notices under this Agreement shall be effective upon personal delivery, delivery by reputable overnight courier such as Federal Express that provides a receipt with the date and time of delivery, or three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective parties as set forth below or as to such other address as the parties may from time to time designate in writing:

To Seller: City of La Quinta
78-495 Calle Tampico
La Quinta, California 92253
Attn: City Manager

Copy to: Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, California 92628-1950
Attn: M. Katherine Jenson, Esq.
Facsimile No.: (714) 546-9035

To Buyer: Malia Monroe
51350 Desert Club Dr. Suite 5
La Quinta, CA. 92253

Copy to: La Quinta Palms Realty
51001 Eisenhower Dr.
La Quinta, CA. 92253
Attn: Bruce Cathcart

15.4 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto.

15.5 Headings. The headings at the beginning of each numbered Section of this Agreement are solely for the convenience of the parties hereto and are not a part of this Agreement.

15.6 Choice of Laws; Litigation Matters. This Agreement shall be governed by the internal laws of the State of California and any question arising hereunder shall be construed or determined according to such law. The Superior Court of the State of California in and for the County of Riverside, or such other appropriate court in such county, shall have exclusive jurisdiction of any litigation between the parties concerning this Agreement. Service of process on Seller shall be made in accordance with California law. Service of process on Buyer shall be made in any manner permitted by California law and shall be effective whether served inside or outside California.

15.7 Nonliability of Seller Officials. No officer, official, member, employee, agent, or representatives of Seller shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action hereon shall be personally enforced against any such officer, official, member, employee, agent, or representative.

15.8 Gender; Number. As used in this Agreement, masculine, feminine, and neuter gender and the singular or plural number shall be deemed to include the others wherever and whenever the context so dictates.

15.9 Survival. This Agreement and all covenants to be performed after the Closing, and, except as otherwise set forth herein, all representations and warranties

contained herein shall survive the Closing Date and shall remain a binding contract between the parties hereto.

15.10 Time of Essence. Time is of the essence in this Agreement and in each and every term and provision hereof, it being understood that the parties hereto have specifically negotiated the dates for the completion of each obligation herein.

15.11 Waiver or Modification. A waiver of a provision hereof, or modification of any provision herein contained, shall be effective only if said waiver or modification is in writing, and signed by both Buyer and Seller. No waiver of any breach or default by any party hereto shall be considered to be a waiver of any breach or default unless expressly provided herein or in the waiver.

15.12 Broker's Fees. Seller and Buyer represent and warrant to the other that other than La Quinta Palms Realty, which has acted as broker to both Buyer and Seller, neither Buyer nor Seller has employed any broker and/or finder to represent its interest in this transaction. Each party agrees to indemnify and hold the other free and harmless from and against any and all liability, loss, cost, or expense (including court costs and reasonable attorney's fees) in any manner connected with a claim asserted by any individual or entity other than La Quinta Palms Realty for any commission or finder's fee in connection with the conveyance of the Property arising out of agreements by the indemnifying party to pay any commission or finder's fee.

15.13 Duplicate Originals. This Agreement may be executed in any number of duplicate originals, all of which shall be of equal legal force and effect.

15.14 Severability. If any term, covenant or condition of this Agreement or the application thereof to any person, entity, or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant, or condition to persons, entities, or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15.15 Exhibits. The following exhibits are attached hereto and incorporated herein by this reference:

Exhibit "A"	Legal Description of Property
Exhibit "B"	Grant Deed
Exhibit "C"	Non-Foreign Affidavit

15.16 Covenants of Seller. Seller agrees that during the period between the Effective Date of this Agreement and the Closing Date:

(a) Seller shall maintain the Property in not less than the state of repair as that existing on the Effective Date (excepting ordinary wear and tear);

(b) Seller shall not convey, grant, lease, assign, mortgage, hypothecate, encumber, or otherwise transfer (on or off record) the Property or any interest therein;

(c) Seller shall not alter the physical condition of the Property or introduce or release, or permit the introduction or release, of any Hazardous Material in, from, under, or on the Property;

(d) Prior to Closing, Seller shall maintain Seller's existing insurance on the Property.

15.17 Corporate Authority. The person(s) executing this Agreement on behalf of each of the parties hereto represent and warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which such party is bound.

15.18 Covenant Against Discrimination. Buyer covenants that in its performance of this Agreement that it shall not discriminate against any person or group of persons on account of any impermissible classification including but not limited to race, color, creed, gender, religion, marital status, national origin, or ancestry.

15.19 Entire Agreement; Amendment. Except as set forth above, this Agreement and the exhibits incorporated herein contain the entire agreement of Buyer and Seller with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

[END -- SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Buyer and Seller each hereby represents that it has read this Agreement, understands it, and hereby executes this Agreement to be effective as of the day and year first written above.

CITY OF LA QUINTA,
a Municipal Corporation

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

By: _____
City Attorney

“Buyer”

MALIA MONROE, an individual

By: _____
Malia Monroe

Four Seasons Escrow agrees to act as Escrow Holder in accordance with the terms of this Agreement. All parties are aware that the Buyer in this transaction has an ownership interest in Four Seasons Escrow.

FOUR SEASONS ESCROW:

Name: _____

Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The following described real property in the City of La Quinta, County of Riverside, State of California:

Lots 5 and 6 in Block 134 of Santa Carmelita Unit No. 14, as per Map recorded in Book 18, Pages 82 and 83 of Maps, in the Office of the County Recorder of said County.

EXHIBIT "B"

FORM OF GRANT DEED

[SEE FOLLOWING PAGES]

Recording Requested By and
When Recorded Return to:

51350 Desert Club Dr. La Quinta, CA. 92253
Attn: Malia Monroe

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF LA QUINTA, a Municipal Corporation (the "**Grantor**"), hereby grants to MALIA MONROE, an individual ("**Grantee**"), that certain real property ("**Property**") located in the City of La Quinta, County of Riverside, State of California, described in the legal description attached hereto as Attachment No. 1 and incorporated herein by this reference, subject to all matters of record, and is further subject to the following:

[end – signature page follows]

“Grantor”

CITY OF LA QUINTA,
a Municipal Corporation

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

City Attorney

“Grantee”

MALIA MONROE, an individual

By: _____

Name: Malia Monroe

State of California)
County of Riverside)

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)
State of California)
County of Riverside)

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)

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF PROPERTY

The following described real property in the City of La Quinta, County of Riverside, State of California:

Lots 5 and 6 in Block 134 of Santa Carmelita Unit No. 14, as per Map recorded in Book 18, Pages 82 and 83 of Maps, in the Office of the County Recorder of said County.

EXHIBIT "C"

AFFIDAVIT OF NON-FOREIGN ENTITY

TO: MALIA MONROE ("**Buyer**")

The Internal Revenue Code of 1954 ("**Code**") (26 U.S.C. Sections 1445, 7701) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon transfer of that certain U.S. real property interest described in Exhibit "A" to the Agreement for Purchase and Sale and Escrow Instructions dated _____, 2014, and incorporated herein by reference ("**Property**"), that the undersigned ("**Seller**") hereby certifies the following:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and
2. The U.S. taxpayer identification number for Seller is 95-3740431; and
3. The address for mailing purposes of Seller is: 78-495 Calle Tampico, La Quinta, California 92253; and
4. Seller understands that this certification may be disclosed to the Internal Revenue Service by Buyer and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this Certification and to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Dated: _____, 2014

CITY OF LA QUINTA, a Municipal Corporation

By: _____
Frank J. Spevacek, City Manager

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EXHIBITS

Exhibit A	Legal Description of the Property
Exhibit B	Form of Grant Deed
Exhibit C	Form of Affidavit of Non-Foreign Entity

