

California Association for Park and Recreation Indemnity

Board of Directors

President, Dean Wetter
Vice President, Larry Mazzuca
Secretary, Colin Miller

Directors

Ms. Lorena Cervantes
Mr. Jim Friedl
Mr. Mathew Fuzie
Mr. Lindsay Woods

REGULAR MEETING OF THE BOARD OF DIRECTORS

10:00 a.m. – Wednesday, June 24, 2020

In accordance with Governor Newsom's Executive Order N-29-20, California Association for Park and Recreation Indemnity and Staff will be participating in the meetings via teleconference. In the interest of maintaining appropriate social distancing, any member of the public has an opportunity to address the Board from a teleconference location in the same manner as if that person attended the regular meeting location. The Board will control the conduct of the meeting and determine the appropriate order and time limitations on public comments from teleconference locations.

Zoom Meeting:

<https://us02web.zoom.us/j/87227563158?pwd=S01nSHR0QVFxNjJgcy9BZldKNG95QT09>

Password: **914305**

(from a PC, iPad, iPhone, or Android device)

*Note: Agenda posting and meeting are done in accordance with Ralph M. Brown Act
Government Code § 54954.2 and 54953*

1. **CALL TO ORDER**
2. **INTRODUCTIONS**
3. **PUBLIC COMMENTS**

This time is reserved for members of the public to address the Board relative to matters of the CAPRI not on the agenda. No action may be taken on non-agenda items unless authorized by law.

Welcome to our Board of Directors Meeting. The Board encourages public participation. Please note that if you address the Board on items NOT on the Agenda, the Brown Act does not allow discussion of such items. Therefore, the Board may only do the following: refer the matter to staff, ask for additional information, request a report back, or give a very limited factual response.

4. **CLOSED SESSION**

Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

- None

5. **CONSENT ITEMS**

The following items are expected to be routine and non-controversial and will be acted upon by the Board at one time without discussion, unless a Board member requests that an item be removed from the consent agenda and held for discussion.

- 5.1 **Approval of CAPRI Board Minutes**

- May 27, 2020

- 5.2 **LAIF Regular Monthly Statement**

- May 2020

6. **PULLED CONSENT ITEMS**

7. **SPECIAL REPORTS**

- None

8. **DISCUSSION/ACTION ITEMS**

The CAPRI Board of Directors will review and discuss taking appropriate action or inaction with respect to the following matters:

- 8.1 **Resolution No. 2-2020 – Ratification of Name Change on Title**

- The Board shall review and consider the adoption of a resolution confirming record ownership of real property at 6341 Auburn Blvd. in Citrus Heights accurately reflects CAPRI's changed name.

- 8.2 **Resolution No. 3-2020 – Approving Sale of Real Property**
 - The Board shall review and consider the adoption of a resolution approving the sale of real property at 6341 Auburn Blvd. in Citrus Heights to buyer, Legacy 3 Holdings LLC, for the sum of \$405,000.00.
- 8.3 **Workers' Compensation Program Excess Insurance Renewal**
 - The Board shall review and discuss Workers' Compensation Program excess insurance policy options and authorize staff to bind coverage for the Fiscal Year 2020-2021.
- 8.4 **General Liability Program Excess Insurance Renewal**
 - The Board shall review and discuss General Liability Program excess insurance policy options and authorize staff to bind coverage for the Fiscal Year 2020-2021.
- 8.5 **Property Program Excess Insurance Renewal**
 - The Board shall review and discuss Property Program excess insurance policy options and authorize staff to bind coverage for the Fiscal Year 2020-2021.
- 8.6 **Crime Insurance Renewal**
 - The Board shall review and discuss government crime insurance policy options and authorize staff to bind coverage for the Fiscal Year 2020-2021.
- 8.7 **Identity Fraud Expense Reimbursement Insurance Renewal**
 - The Board shall review and discuss Identity Fraud Expense Reimbursement insurance policy options and authorize staff to bind coverage for the Fiscal Year 2020-2021.
9. **EXECUTIVE DIRECTOR/STAFF REPORTS**

The Executive Director and Staff will report on the following topics:

 - 9.1 **CARPD Virtual Event Wrap-Up**
 - 9.2 **CARPD Election Update**
 - 9.3 **CAJPA Liability Project Update**
 - 9.4 **News of Note**
10. **BOARD MEMBER REPORTS**
 - 10.1 **Board Member Comments**

11. FUTURE AGENDA ITEMS

This section is reserved for items identified by Board members and Staff as matters for future Board business.

FUTURE ITEMS

11.1 New CAPRI Board Member Orientation Packet

11.2 Board Manual Review

11.3 CAPRI Bylaws Revisions

11.4 WC Claims Audit

11.5 New Member Review - Cazadero

12. ANNOUNCEMENTS

The next CAPRI Board of Directors meeting will be held on a date of convenience for the CAPRI Board Members on August 19, 2020 at 10:00 a.m. via Zoom teleconference or from Hayward, California.

13. ADJOURNMENT

BOARD OF DIRECTORS REGULAR MEETING

Via Zoom Webinar

May 27, 2020

MINUTES

1. CALL TO ORDER:

Due to the stay-at-home order by the Governor of California the regular meeting of the Board of Directors was held on May 27, 2020 via Zoom Webinar at 10:03 a.m.

Members Present via Zoom: President Dean Wetter, Vice President Larry Mazzuca, Secretary Colin Miller, Director Lorena Cervantes, Director Mathew Fuzie, Director Jim Friedl, and Director Lindsay Woods.

Members Absent: None.

CAPRI Staff Present via Zoom: Executive Director Mr. Matthew Duarte, Safety Analyst Mr. Kirk Andre, Administrative Analyst Bebe Pearson, and Jordan Coyle.

Others Present via Zoom: Mr. Byrne Conley (Gibbons & Conley), Mr. Doug Wozniak (Alliant Insurance), Mr. Peter Glaesner (AGHW), Mr. Mark Hazelwood (AGHW), Mr. Chuck Torretta (George Hills), Ms. Sally Town (Sedgwick Risk Services), Mr. James Marta (JMC), Mr. Michael Manduca (JMC), and Derek Burkhalter (Bickmore).

2. INTRODUCTIONS:

None.

3. PUBLIC COMMENTS:

None.

4. CLOSED SESSION:

4.1 The Board convened to Closed Session at 10:04 a.m. regarding the following matters:

Liability & Property – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- Kreuzer v. Strawberry Recreation & Park District
- Shenson v. Pleasant Hill Recreation & Park District
- Williams v. Hayward Area Recreation & Park District

- Wolff v. Rancho Simi Recreation & Park District
- CAPRI \$5K Summary

4.2 Workers' Compensation – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- Brigham v. Rancho Simi Recreation & Park District
- Contreras v. Livermore Area Recreation & Park District
- Dodson v. Rancho Simi Recreation & Park District
- Emhoff v. North of the River Recreation & Park District
- Walker-Maddox v. Cordova Recreation & Park District
- CAPRI Settlements 2020
- CAPRI Closed Claims 2020

4.3 Conference with Real Property Negotiators - Pursuant to Government Code section § 54954.5(b)

One Property

- Property: 6341 Auburn Blvd., Suite A, Citrus Heights, CA 95621
 - Agency Negotiator: Kidder Matthews
 - Under Negotiation: Terms of Purchase Agreement

5. **REPORT FROM CLOSED SESSION:**

The Board reconvened to Open Session at 12:12 p.m. Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

No reportable action.

6. **CONSENT AGENDA:**

- 6.1 Approval of CAPRI Board Minutes
 - April 22, 2020
- 6.2 LAIF Regular Monthly Statement – April 2020
- 6.3 Warrant Listings for the months January 2020 – December 2020
- 6.4 Statement of Net Position
- 6.5 Statement of Revenue and Expenses Budget to Actual
- 6.6 Statement of Revenue, Expenses, and Change in Net Position

MOTION:

Director, Lindsay Woods, made a motion to approve consent items #6.1 – #6.6. Secretary, Colin Miller, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

7. PULLED CONSENT ITEMS:

None.

8. SPECIAL REPORTS:

8.1 Financial Audit Update 2018/2019 – James Marta & Company

Mr. James Marta and Mr. Michael Manduca of James Marta & Company provided a report to the Board regarding the Financial Audit Report.

MOTION:

Vice President, Larry Mazzuca, made a motion to receive and file the Financial Audit Report for Fiscal Year 2018-2019. Director, Lindsay Woods, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

8.2 Workers' Compensation Actuarial Analysis 2020/2021 – Bickmore

Mr. Derek Burkhalter of Bickmore provided a report to the Board regarding the Workers' Compensation Actuarial Analysis.

MOTION:

Secretary, Colin Miller, made a motion to receive and file the Workers' Compensation Actuarial Analysis for Fiscal Year 2020-2021. Director, Mathew Fuzie, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

8.3 Liability/Property Actuarial Analysis 2020/2021 - Bickmore

Mr. Derek Burkhalter of Bickmore provided a report to the Board regarding the Liability & Property Actuarial Analysis.

MOTION:

Director, Lindsay Woods, made a motion to receive and file the Financial Audit Report for Fiscal Year 2018-2019. Director, Lorena Cervantes, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

8.4 Insurance Market Update – Alliant Insurance Services

Mr. Doug Wozniak provided a report reflecting on the current conditions of the insurance market. Mr. Wozniak noted the WC rates were trending well for the pool and that the premiums were set to be reduced in anticipation of further reductions in payroll resulting from the COVID-19 pandemic. Mr. Wozniak also noted there will be again be an increase in the liability and property premiums and that CAPRI should budget for 28-34% increases.

9. DISCUSSION/ACTION ITEMS:

The CAPRI Board of Directors reviewed and discussed taking appropriate action or inaction with respect to the following matters:

9.1 WC PREMIUM ALLOCATION FORMULA 2020-2021

The Board reviewed and discussed the 2020-2021 WC Premium Allocation Formula including the 2020-2021 experience modification factors. The Board further discussed an appropriate funding level for the upcoming program year.

MOTION:

Director, Jim Friedl, made a motion to adopt Staff's recommendation to fund the program at the 70% confidence level. Director, Lindsay Woods, seconded the motion. President, Dean Wetter absent during vote.

Ayes: Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

9.2 LIABILITY/PROPERTY PREMIUM ALLOCATION FORMULA 2020-2021

The Board shall reviewed and discussed the 2020-2021 GL & Property Premium Allocation Formula. The Board further discussed an appropriate funding level for the upcoming program year.

MOTION:

Director, Jim Friedl, made a motion to approve staff recommendation to fund the program at the 70% confidence level. Vice President, Larry Mazzuca, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods
Nays: None
Abstain: None

9.3 CAPRI Budget 2020-2021

The Board reviewed and discussed the proposed CAPRI Budget for the 2020-2021 fiscal year.

MOTION:

Director, Lindsay Woods, made a motion to approve the proposed Budget. Vice President, Larry Mazzuca, seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods

Nays: None

Abstain: None

10. EXECUTIVE DIRECTOR/STAFF REPORTS:

The Executive Director and Staff will report on the following topics:

10.1 District Visits Update

The Board of Directors had no comments or questions on this writeup.

10.2 CAPRI Conference Update

The Board of Directors had no comments or questions on this writeup.

10.3 News of Note

The Board of Directors had no comments or questions on this writeup.

11. BOARD MEMBER REPORTS:

11.1 Board Member Comments

No comments.

12. FUTURE AGENDA ITEMS:

This section is reserved for items identified by Board members and Staff as matters for future Board business.

12.1 New CAPRI Board Member Orientation Packet

12.2 2020-2021 Budget Review

12.3 Board Manual Review

12.4 CAPRI Bylaws Revisions

12.4 WC Claims Audit

12.6 New Member Review – Cazadero

13. ANNOUNCEMENTS:

The next CAPRI Board of Directors meeting will be held June 24, 2020 via Zoom.

14. ADJOURNMENT:

MOTION:

Secretary, Colin Miller, made a motion to adjourn the meeting. Director, Lorena Cervantes seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods.

Nays: None

Abstain: None

The Board adjourned the meeting at 1:30 p.m.

Colin Miller,
Secretary for the CAPRI Board of Directors

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

June 19, 2020

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[PMIA Average Monthly Yields](#)

CALIFORNIA ASSOCIATION FOR PARK AND
RECREATION INDEMNITY
ADMINISTRATOR
6341 AUBURN BOULEVARD, SUITE A
CITRUS HEIGHTS, CA 95621-5203

[Tran Type Definitions](#)

Account Number: 35-34-007

May 2020 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	2,601,064.35
Total Withdrawal:	0.00	Ending Balance:	2,601,064.35

Agenda Item 8.1

DISCUSSION/ACTION ITEMS

SUBJECT: Resolution No. 2-2020 – Ratification of Name Change on Title

BACKGROUND AND STATUS:

In or about 2006, the CAPRI Board of Directors resolved to officially change the name of CAPRI from California Association for Park & Recreation *Insurance* to California Association for Park & Recreation *Indemnity*.

However, the official records for the County of Sacramento have never been updated to reflect the name change with respect to the ownership of real property commonly known as 6341 Auburn Blvd., Citrus Heights, CA acquired in or about March 1996.

Thus, the purpose of Resolution No. 2-2020, now before the Board, is to confirm title reflects the true and correct name of CAPRI so that the organization may effectuate future real property transactions.

FISCAL IMPACT:

None.

RECOMMENDATION:

Adopt Resolution No. 2-2020 confirming record ownership of the real property known as 6341 Auburn Blvd., Citrus Heights accurately reflects CAPRI's changed name.

REFERENCE MATERIALS ATTACHED:

- Resolution No. 2-2020



**California Association for
Park & Recreation Indemnity**

RESOLUTION NO. 2-2020

**RESOLUTION RATIFYING PRIOR NAME CHANGE OF CALIFORNIA
ASSOCIATION FOR PARK AND RECREATION INSURANCE TO
CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
(CAPRI) FOR PURPOSES OF AMENDING RECORD OWNERSHIP**

WHEREAS, the Board of Directors of California Association for Park & Recreation Indemnity (CAPRI) hereby adopts the following resolution.

WHEREAS, the bylaws and agreements having been amended to change the name of California Association for Park and Recreation Insurance to “**CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY**” (hereinafter “CAPRI”) in the year 2006;

WHEREAS, record ownership of real property purchased in or about March 1996 and commonly known as 6341 Auburn Boulevard, Citrus Heights, CA, has not been amended to reflect the name change of CAPRI;

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of CAPRI as follows:

The Executive Director or their designees, are hereby authorized and directed, in the name of and on behalf of CAPRI, to take all action necessary to reflect the agency’s amended name and purposes with the State of California and the County of Sacramento reflecting such new name and purposes, and make all other necessary and appropriate filings(s), and to execute such other documents, and take such other actions as they deem necessary, appropriate or desirable to effectuate such changes with respect to the record ownership of real property, APN# 229-0160-010-0000, commonly known as 6341 Auburn Boulevard, Citrus Heights, CA 95621.

PASSED AND ADOPTED, by the Board of Directors of California Association for Park and Recreation Indemnity, Joint Powers Authority of State of California on June 24, 2020.

Dean Wetter
President of the Board of Directors,
California Association for Park and Recreation Indemnity

Agenda Item 8.2

DISCUSSION/ACTION ITEMS

SUBJECT: Resolution No. 3-2020 – Approving Sale of Real Property

BACKGROUND AND STATUS:

In or about March 1996, the CAPRI Board of Directors authorized the purchase of real property commonly known as 6341 Auburn Blvd., Citrus Heights, CA (the "Property"). The sales price was in the amount of \$239,000. The purchase was intended to serve as a long-term investment as well as the base of operations for the organization.

In November 2019, having considered a number of factors related to the continued ownership of the Property, the CAPRI Board of Directors directed staff to engage a real estate broker and market the Property for sale.

In March 2020, a prospective buyer, Legacy 3 Holdings LLC, submitted an offer to purchase the Property. Over the past several months, the parties have extensively negotiated the terms of the purchase and reached agreement on a sales price of \$405,000 with a credit of \$4,000 for building repairs. As of the date of this writing, the buyer has removed all contingencies, all deposits are non-refundable and will be applied to the purchase price, and the parties are set to close the transaction and complete the sale on or about July 15, 2020.

Thus, the purpose of Resolution No. 3-2020, now before the Board, is to confirm its approval of the sale of the Property.

FISCAL IMPACT:

Upon the sale of the Property, proceeds will be deposited into a bank account owned by CAPRI and the funds will be utilized solely for CAPRI office related expenses (i.e. lease of new office).

RECOMMENDATION:

Adopt Resolution No. 3-2020 approving the sale of real property at 6341 Auburn Blvd. in Citrus Heights to buyer, Legacy 3 Holdings LLC, for the sum of \$405,000.00.

REFERENCE MATERIALS ATTACHED:

- Resolution No. 3-2020



**California Association for
Park & Recreation Indemnity**

RESOLUTION NO. 3-2020

**RESOLUTION APPROVING THE SALE OF REAL PROPERTY LOCATED AT
6341 AUBURN BOULEVARD, CITRUS HEIGHTS, CALIFORNIA**

WHEREAS, the Board of Directors of California Association for Park & Recreation Indemnity (CAPRI) hereby adopts the following resolution.

WHEREAS, in or about March 1996, CAPRI purchased real property, Assessor's Parcel No. 229-0160-010-0000, commonly known as 6341 Auburn Boulevard, Citrus Heights, CA (the "Property"), as an investment;

WHEREAS, in or about November 2019, the CAPRI Board of Directors resolved to divest itself of this asset and directed the Property be listed for sale;

WHEREAS, CAPRI received a proposal from Legacy 3 Holdings LLC ("Buyer") to purchase the property under the terms and conditions set forth in the Standard Offer, Agreement and Escrow Instructions (the "Purchase Agreement") and subsequently amended in Amendments One, Two Three, and Four; true and correct copies of which are attached hereto as Exhibits A through E respectively;

WHEREAS, this Board finds that it is in the best interest of the organization to proceed with the sale of the Property to Buyer in accordance with the Purchase Agreement and related Addendums.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of CAPRI as follows:

1. The sale of the Property in the amount of \$405,000 is hereby approved, on the terms and conditions shown in the attached Purchase Agreement and related Addendums.
2. CAPRI's Executive Director, Matthew Duarte, is hereby authorized and directed, in the name of and on behalf of CAPRI, to open and close escrow on the sale of the Property; to pay all required fees and charges on behalf of CAPRI; to execute an appropriate grant deed and any additional escrow instructions relating to the sale; to execute any additional documents required by the Purchase Agreement, and to take all other steps necessary to sell the Property in accordance with this Resolution.

PASSED AND ADOPTED, by the Board of Directors of California Association for Park and Recreation Indemnity, Joint Powers Authority of State of California on June 24, 2020.

Dean Wetter
President of the Board of Directors
California Association for Park and Recreation Indemnity

Exhibit A



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE
(Non-Residential)

Dated: March 30, 2020

1. Buyer.

1.1 Legacy 3 Holdings LLC and/or Assignee/s ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 30 or days after the waiver or expiration of the Buyer's Contingencies, ("Expected Closing Date") to be held by Placer Title Company ("Escrow Holder") whose address is 301 University Avenue, Suite 120, Sacramento, CA 95825, Phone No. (916) 973-3610, Facsimile No. (916) 973-3617 upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) Approximately 3,364 s.f. office condominium

is located in the County of Sacramento, is commonly known as (street address, city, state, zip) 6341 Auburn Boulevard, Citrus Heights, CA 95621 and is legally described as: Approx 3,364 sf office bldg, part of the Arcade Creek Office Park.

(APN:)

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Placer Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and NONE

(collectively, the "Improvements").

2.4 The fire sprinkler monitor: [] is owned by Seller and included in the Purchase Price, [] is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, [X] ownership will be determined during Escrow, or [] there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and

all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$ 425,000.00, payable as follows:

(Strike if not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): \$ 425,000.00

(b) Amount of "New Loan" as defined in paragraph 6.1, if any: \$

(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)");

CA

Handwritten initials

INITIALS

INITIALS

- (i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: \$ _____
Said First Note is payable at \$ _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____);
- (ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: \$ _____
Said Second Note is payable at \$ _____ per month, including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____);
- (d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of: \$ _____

Total Purchase Price: \$ 425,000.00

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of \$ _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within ~~2~~ 3 business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder Buyer shall deliver to Escrow Holder a check in the sum of \$ 5,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within ~~5~~ business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

(b) Within ~~5~~ business days after the contingencies discussed in paragraph 9.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is _____ . NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

4.5 Upon waiver of all of Buyer's contingencies the Deposit shall become non-refundable but applicable to the Purchase Price except in the event of a Seller breach, or in the event that the Escrow is terminated pursuant to the provisions of Paragraph 9.1(n) (Destruction, Damage or Loss) or 9.1(o) (Material Change).

5. Financing Contingency. (Strike if not applicable)

5.1 ~~This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____ % of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.~~

5.2 ~~If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

5.3 ~~If Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

6. Seller Financing (Purchase Money Note). (Strike if not applicable)

6.1 ~~If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____ % per annum, with principal and interest paid as follows: _____~~

CA

[Signature]

The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.

6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):

(a) ~~Prepayment~~ Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.

(b) ~~Late Charge~~ A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.

(c) ~~Due On Sale~~ In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.

6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.

6.4 ~~WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~

6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 3 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

7. Real Estate Brokers.

7.1 Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this transaction with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)"): Seller's Brokerage Firm Kidder Mathews

License No. _____ Is the broker of (check one): the Seller; or both the Buyer and Seller (dual agent). Seller's Agent Bruce Wirt

License No. 00841998 Is (check one): the Seller's Agent (salesperson or broker associate); or both the Buyer's Agent Agent and the Seller's Agent (dual agent).

Buyer's Brokerage Firm RE/MAX Gold License No. 012159311 Is the broker of (check one): the Buyer; or both the Buyer and Seller (dual agent).

Buyer's Agent Ranga Pathak License No. 01364897 Is (check one): the Buyer's Agent (salesperson or broker associate); or both the Buyer's Agent Agent and the Seller's Agent (dual agent).

The Parties acknowledge that other than the Brokers and Agents listed above, there are no other brokers and agents representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker, agent or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers and Agents named in paragraph 7.1, and no broker, agent or other person, firm or entity, other than said Brokers and Agents is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, agent, finder or other similar party, other than said named Brokers and Agents by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions. In the event that there is any conflict between the provisions of the Agreement and the provisions of any additional escrow instructions the provisions of the Agreement shall prevail as to the Parties and the Escrow Holder.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

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8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2 or disapproval of any other matter subject to Buyer's approval, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("**Property Information Sheet**") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within ~~10 or~~ 5 days following the Date of Agreement. ~~Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.~~

(b) *Physical Inspection.* Buyer has ~~10 or~~ 90 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has ~~30 or~~ 90 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "**Hazardous Substance**" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "**Hazardous Substance Condition**" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has ~~30 or~~ 90 days following the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) *Governmental Approvals.* Buyer has ~~30 or~~ 90 days following the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("**Title Commitment**") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("**Underlying Documents**"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30 or _____ days following the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("**ALTA**") standards for an

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owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 10 or _____ days following the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "**Existing Leases**") affecting the Property, and with a tenancy statement ("**Estoppel Certificate**") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Owner's Association.* Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.

(j) *Other Agreements.* Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of all other agreements ("**Other Agreements**") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(k) *Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) *Existing Notes.* If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "**Loan Documents**") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("**Beneficiary Statement**") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days following the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ days following the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ days from the receipt of such documents to satisfy itself with regard to the form and content thereof.

(m) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has 10 or _____ days following the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or _____ days following the Date of Agreement.

(n) *Destruction, Damage or Loss.* Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "**Material Change**" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) *Brokerage Fee.* Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("**Brokerage Fee**"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "**Buyer's Contingencies**."

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("**Disapproved Item**"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("**Seller's Election**"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency

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period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

(b) If applicable, the Beneficiary Statements concerning Existing Note(s).

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer.

The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.

(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.

(c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 *Taxes.* Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 *Insurance.* **WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 *Rentals, Interest and Expenses.* Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 *Security Deposit.* Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

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11.5 *Post Closing Matters.* Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 *Variations in Existing Note Balances.* In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("**Existing Note Variation**"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 *Variations in New Loan Balance.* In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

11.8 *Owner's Association Fees.* Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) *Authority of Seller.* Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) *Maintenance During Escrow and Equipment Condition At Closing.* Except as otherwise provided in paragraph 9.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) *Hazardous Substances/Storage Tanks.* Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) *Compliance.* Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) *Changes in Agreements.* Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) *Possessory Rights.* Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) *Mechanics' Liens.* There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(h) *Actions, Suits or Proceedings.* Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) *Notice of Changes.* Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) *No Tenant Bankruptcy Proceedings.* Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) *No Seller Bankruptcy Proceedings.* Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) *Personal Property.* Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soil reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or

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materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Sacramento on the date of April 3, 2020, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties.)

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$5,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

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Buyer Initials

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Seller Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. THE NUMBER OF ARBITRATORS SHALL BE AS PROVIDED IN THE COMMERCIAL RULES AND EACH SUCH ARBITRATOR SHALL BE AN IMPARTIAL REAL ESTATE BROKER WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THE ARBITRATOR OR ARBITRATORS SHALL BE APPOINTED UNDER THE COMMERCIAL RULES AND SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION

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HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

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

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

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Buyer Initials

WJD
Seller Initials

23. Miscellaneous.

23.1 **Binding Effect.** This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. **Seller and Buyer must initial any and all handwritten provisions.**

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) **Seller's Agent.** A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) **Buyer's Agent.** A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) **Agent Representing Both Seller and Buyer.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the

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Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may, not without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including Seller's willingness to accept a price less than the listing price or Buyer's willingness to pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal advice is desired, consult a competent professional. Buyer has the duty to exercise reasonable care to protect Buyer, including as to those facts about the Property which are known to Buyer or within Buyer's diligent attention and observation. Both Seller and Buyer should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

(d) *Further Disclosures.* Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 *Confidential Information:* Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. **Construction of Agreement.** In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. **Additional Provisions:**

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum or addenda consisting of paragraphs 28 through 31. (If there are no additional provisions write "NONE")

28. Buyer shall have the option to extend the due diligence period by additional Thirty (30) day periods (Due Diligence Option periods) as long as the Corona virus related restrictions are still in place preventing Buyer from doing its inspection/s and other due diligence.

29. During the Due Diligence period and Due Diligence Option periods, Buyer may cancel the Agreement for any reason and all deposit/s shall be refunded to Buyer.

30. Close of Escrow shall be no later than August 15th, 2020, but in the event that Buyer exercises its right to extend the due diligence period per paragraph 28, then Close of Escrow shall also be delayed by an equivalent number of days, which may be past August 15th, 2020.

31. Seller understands that as long as the Corona Virus related restrictions are in place, Buyer cannot do any inspections on the property, arrange for space planning or obtain estimates for proposed tenant improvements.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

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OFA-20.11, Revised 01-14-2019
6341 Auburn

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

Date: _____

BROKER

RE/MAX Gold

BUYER

Legacy 3 Holdings LLC and/or Assignee/s

Att: Ranga Pathak
Title: Broker Associate
Address: 2998 Douglas Boulevard, Suite 125
Roseville, CA 95661
Phone: (916) 218-7500
Fax: (916) 218-7510
Email: ranga.pathak@norcalgold.com
Federal ID No.: 91-1750910
Broker/Agent DRE License #: 01215931/01364897

By: Chakri Avala 03/31/2020 02:23 PM PDT
Name Printed: Chakri Avala
Title: Manager
Phone: _____
Fax: _____
Email: _____
By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

Address: 1632 Grey Owl Circle
Roseville, CA 95661
Federal ID No.: _____

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 6.000 % of the Purchase Price to be divided between the Brokers as follows: Seller's Broker 3.000 % and Buyer's Broker 3.000 %. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

Date: 4/2/2020

BROKER

Kidder Mathews

SELLER

CALIF ASSOCIATION FOR PARK & RECREATION INSURANCE

Att: Bruce Wirt
Title: Salesperson
Address: 2237 Douglas Blvd., Suite 100,
Roseville, CA 95661
Phone: (916) 751-3610
Fax: _____
Email: bruce.wirt@kidder.com
Federal ID No.: _____
Broker/Agent DRE License #: 00841998

By: Matthew Duarte
Name Printed: Matthew Duarte
Title: Executive Director
Phone: 916-722-5550
Fax: _____
Email: mduarte@capri-jpa.org

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

Address: 6341 Auburn Boulevard
Citrus Heights, CA 95621
Federal ID No.: _____

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

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Exhibit B



**ADDENDUM TO THE STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE**

Date: April 22, 2020

By and Between

Buyer: Legacy 3 Holdings LLC and/or Assignee/s

Seller: CALIF ASSOCIATION FOR PARK & RECREATION INSURANCE

Property Address: 6341 Auburn Boulevard

Citrus Heights, CA 95621

(street address, city, state, zip)

This Addendum is attached and made part of the above-referenced Agreement (said Agreement and the Addendum are hereinafter collectively referred to as the "Agreement"). In the event of any conflict between the provisions of this Addendum and the printed provisions of the Agreement, this Addendum shall control.

In view of the market uncertainty due to COVID 19 and the high cost of necessary tenant improvements, Buyer requests that the sale price of the referenced property be reduced to Three Hundred and Fifty-Five Thousand Dollars (\$355,000.00).

Chakri Arala 

04/22/2020
02:08 PM PDT

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

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APA-1.00, Revised 01-03-2017

RE/MAX Gold, 2998 Douglas Boulevard, Suite 125 Roseville CA 95661
Phone: (916)218-7499 Fax: (916)218-7510 Ranga Pathak

6341 Auburn

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Exhibit C



CALIFORNIA
ASSOCIATION
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ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. TWO

The following terms and conditions are hereby incorporated in and made a part of the: Purchase Agreement, Residential Lease or Month-to-Month Rental Agreement, Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), Other **AIR Standard Offer, Agreement and Escrow Instructions for purchase of real estate**, dated March 30, 2020, on property known as 6341 Auburn Boulevard

Citrus Heights, CA 95621

in which Legacy 3 Holdings LLC and/or Assignee/s is referred to as ("Buyer/Tenant") and California Association for Park and Recreation Insurance is referred to as ("Seller/Landlord").

Addendum to Standard Offer, Agreement and Escrow Instructions for purchase of Real Estate dated April 22nd, 2020, is hereby rejected by Seller.

Purchase Price shall be Four Hundred and Five Thousand (\$405,000.00) Dollars.

Upon Buyer's satisfaction of the property condition, Buyer shall deposit additional Five Thousand (\$5,000.00) dollars in escrow and said deposit shall become non-refundable to Buyer and apply to the purchase price.

All contingencies shall be released on May 31st, 2020, at which time, Buyer shall deposit additional Five Thousand (\$5,000.00) in escrow, which shall become non refundable to Buyer and shall apply to the purchase price. At that time, the initial deposit of Five Thousand (\$5,000.00) which is in escrow shall also become non refundable to Buyer and shall apply to the purchase price.

Close of escrow shall be no later than July 15th, 2020.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 05/05/2020
01:39 PM PDT

Date 5/7/2020

Buyer/Tenant Chakri Arava
Legacy 3 Holdings LLC and/or Assignee/s

Seller/Landlord Matthew Arante
California Association for Park and Recreation

Buyer/Tenant _____

Seller/Landlord _____

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ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)



Exhibit D



ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. THREE

The following terms and conditions are hereby incorporated in and made a part of the: Purchase Agreement, Residential Lease or Month-to-Month Rental Agreement, Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), Other AIR Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated March 30, 2020, on property known as 6341 Auburn Boulevard

Citrus Heights, CA 95621

in which Legacy 3 Holdings LLC and/or Assignee/s is referred to as ("Buyer/Tenant") and California Association for Park and Recreation Insurance is referred to as ("Seller/Landlord").

EXTENSION OF CONTINGENCY(IES): The following contingencies are extended to June 15th, 2020:

- 1. Loan Contingency
- 2. Buyer's satisfaction of environmental condition of the property.

All other contingencies are released.

Buyer shall put in Ten Thousand (\$10,000.00) dollars within two (2) business days of mutual execution of this Addendum. This deposit and initial deposit shall apply to the purchase price and remain refundable to Buyer until Buyer releases all contingencies.

Seller shall credit Four Thousand Dollars (\$4,000.00) to Buyer at close of escrow towards building repairs.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 05/22/2020 05:28 PM PDT

Date 5/22/2020

Buyer/Tenant Chakri Avala
Legacy 3 Holdings LLC and/or Assignee/s

Seller/Landlord [Signature]
California Association for Park and Recreation

Buyer/Tenant _____

Seller/Landlord _____

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Exhibit E



ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. FOUR

The following terms and conditions are hereby incorporated in and made a part of the: Purchase Agreement, Residential Lease or Month-to-Month Rental Agreement, Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), Other AIR Standard Offer, Agreement and Escrow Instructions for purchase of real estate, dated March 30, 2020, on property known as 6341 Auburn Boulevard

Citrus Heights, CA 95621

in which Legacy 3 Holdings LLC and/or Assignee/s is referred to as ("Buyer/Tenant") and California Association for Park and Recreation Insurance is referred to as ("Seller/Landlord").

Contingency period per Addendum Three is extended to June 19th, 2020.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 06/12/2020 02:19 PM PDT

Date 6/12/2020

Buyer/Tenant Chakri Avala 
Legacy 3 Holdings LLC and/or Assignee/s

Seller/Landlord Matthew Drouot
California Association for Park and Recreation

Buyer/Tenant _____

Seller/Landlord _____

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ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)



Agenda Item 8.3**DISCUSSION/ACTION ITEMS****SUBJECT: WC Program Excess Insurance Renewal**

BACKGROUND AND STATUS:

The Workers' Compensation Program will be renewing on July 1, 2020. Beyond its self-insured retention level of \$350,000 per occurrence, CAPRI currently participates in the Public Risk Innovation, Solutions, and Management "PRISM" (formerly known as "CSAC") Excess Workers' Compensation Program. PRISM historically has provided coverage at competitive rates.

For this year's renewal, Staff – through CAPRI's broker at Alliant Insurance Services – obtained a quote for WC excess insurance from PRISM in the amount of \$708,270.00. The amount of the quote decreased over 25% from the prior year and is attributable to CAPRI's loss history and the decrease in total payroll across the membership.

At this time, Staff is requesting authority to renew the WC Program Excess Insurance policy with PRISM.

RECOMMENDATION:

Direct Staff to renew the WC Program Excess Insurance policy with PRISM for the FY20-21 consistent with the quote provided.

REFERENCE MATERIALS ATTACHED:

- None

Agenda Item 8.4**DISCUSSION/ACTION ITEMS****SUBJECT: General Liability Program Excess Insurance Renewal**

BACKGROUND AND STATUS:

The General Liability & Property Program will be renewing on July 1, 2020. Beyond its self-insured retention levels of \$750,000, CAPRI currently participates in the Public Risk Innovation, Solutions, and Management "PRISM" (formerly known as "CSAC") GL1 Program. PRISM is a group purchase program that has historically offered extensive coverage at competitive rates.

For this year's renewal, Staff – through CAPRI's broker at Alliant Insurance Services – obtained a quote for General Liability excess insurance from PRISM in the amount of \$1,217,000. This represents anywhere between an increase of approximately 45% from the prior year. Notably, this follows an increase of 45% from the year before that. The reasoning behind the increase is articulated in the attached memorandum from PRISM's outgoing CEO, Michael Fleming, but can be summarized as being attributable to three factors: plaintiff demands, jury verdicts, and high dollar liability claims.

At this time, Staff is requesting authority to renew the General Liability GL1 Excess Insurance policy with PRISM.

RECOMMENDATION:

Direct Staff to renew the General Liability Program Excess Insurance policy with PRISM for the FY20-21.

REFERENCE MATERIALS ATTACHED:

- PRISM State of the Liability Market Memorandum from May 2020



May 18, 2020

To: GL1 Program Members

From: Michael Fleming, CEO

Re: State of the Liability Market

As most of you are aware, the liability market that began to harden last year is now hard for California public entities. I want to take this opportunity to provide some background information on the state of the market and the status of the GL1 Program. Also attached are talking points that we hope you will find useful in communicating to the stakeholders within your organization.

GL1 Program Financial Outlook

The projected net assets at 6/30/20 of \$6.5M are now projected to be an \$11.3M deficit, due to Q4 2019 loss development. The good news is that we did the Loss Portfolio Transfer (LPT) last year, which will allow us to stay the course of our current strategic plan and we are still projecting a \$68.1M positive net position at the end of the LPT period. We understand this can feel overwhelming, but thankfully, we saw this trend coming, and have addressed this with the utilization of the LPT, something individual risks or small groups would not likely be able to do on their own.

Root Causes

The industry continues to see significant increases in plaintiff demands, jury verdicts, and high dollar liability claims. These three factors are depleting the liability market's surplus, limiting the capacity and availability of the number of reinsurers willing to write California public entity business. Those that are willing to continue their participation are increasingly judicious as to where they place coverage and more and more we are beginning to see coverage modifications either in the form of sub-limits, increased pressure to accept aggregated coverage layers, certain coverages being provided on a claims-made basis, and/or exclusions or significant limitations on coverage. Self-insured programs are seeing a depletion in funding due to higher payouts. This trend is affecting all public entities: counties, cities, schools, and special districts, particularly in California. And as it affects the industry, it also affects PRISM. For example, claims over \$1M have more than doubled over the last five years.

Safety in Numbers

Thankfully, for members of the GL1 Program, our size creates stability and offers economies of scale that could not be realized without being in a pool. We are able to



leverage the volume we bring to the reinsurance markets to benefit all Program members. Industry-wide, reinsurance markets are forcing communicable disease exclusions on public entity renewals due to COVID-19. The GL1 Program will be able to avoid this restriction only because of our long-term relationship with markets and our size, which will allow us to self-insure bits and pieces of the Program. Our captive insurance company has played an important role in our ability to prudently assume this risk. That being said, the Program will still see pool rates increase in the coming year, likely in the 21%-28% range, dependent upon your entity's claims experience. If you are one of the lucky ones who have not yet experienced this new reality in claim trends, you can expect to be on the low end of the range. It is because of our core values and because we are member driven, that we set premiums that are equitable for all members, based on an allocation that takes into consideration each individual member's potential exposure **and** claims experience.

PRISM's Response

PRISM has always been proactive in managing the GL1 Program and our approach to making funding decisions. For several years, we were fortunate to be in a very strong surplus position, enabling us to fund at a 65% confidence level. In essence, funding at that lower level had the effect of providing members with an upfront dividend (from a typical 80% funding position) and saving the Program's members nearly \$58M over a seven year period (2012/13 - 2018/19). The Board has established a plan to eliminate the upfront dividend over time.

Last year, because of the state of the market, and the claims trends depleting the Program's surplus, we utilized a LPT (selling our old claims) for years back to 2007 to limit the Program's future exposure from past years' claims development. This transaction enabled the Program to be funded in excess of the 70% confidence level, as of June 30, 2019. Additionally, this transaction provided a guaranteed market for the Program and a reinsurance partner for the next five years, during which the Program's goal is to steadily move to a higher surplus position.

If we have learned from history, we know that joint powers authorities (pooling) have been the answer to turbulent markets. By staying the course, we will all benefit from our economies of scale, our leverage in the reinsurance markets, and our sharing of best practices to help manage risk and hard markets.

Member's Response

There are several steps that can be taken during these turbulent times.

1. First, communicate the state of the market to all of your stakeholders so there is an understanding that this is an industry-wide problem.



CSAC EIA IS NOW

PRISM

Public Risk Innovation,
Solutions, and Management

2. The severity of claims is on the rise. If you are not yet participating in the Optional Excess Liability (OEL) Program, consider doing so.
3. Anticipate an increase in your own SIR funding being suggested by your actuary, and resist the temptation to increase your SIR in the face of these severity trends.
4. Defend the claims that are defensible.
5. Ensure you have selected legal counsel with the proper expertise for the type of case to be defended (police liability, sexual assault and molestation, employment practices liability, etc.) and ability to defend claims against well known, experienced plaintiff's counsel.
6. In a hard market environment, the quality of loss data will undergo additional scrutiny. Make sure your data is in good condition.
7. Finally, manage your individual risk by taking advantage of the best practices programs and service partner programs we offer.



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Talking points for the GL1 Program

- The industry is going through difficult times. We are continuing to see a significant increase in Plaintiff demands and high dollar liability claims. Jury verdicts (and settlements) are much higher than they have been in years past and that is affecting the industry's surplus.
- There have been 30 verdicts that we know of for public entities (only one of them a PRISM member) over \$30M in the last several years.
- There was a recent liability claim jury verdict of \$80M driven by a life care plan for the injured plaintiff, a California public entity claim of over \$100M and another \$2B California jury award last year in the news. None of these are PRISM claims, but all of this is indicative of the mindset of California juries and their willingness to award big verdicts.
- There are many factors causing this including tactics plaintiff's counsel are using (such as the use of the Reptile Theory) to drive up claims verdicts and settlements. The selection of appropriate defense counsel, who are experienced in dealing with these tactics, has never been more important.
- As it affects the industry, it has also affected PRISM.
- The total number of claims in the GL1 Program over \$1M in the last five years has more than doubled. This is a big indication of how jury verdicts (and settlements) are increasing!
- The GL1 Program pool rates will be increasing next year on average between 21%-28%, based on each member's experience, which is typical industry wide, to put us back in a stronger financial position.
- We have always been proactive in our management and approach to making funding decisions, and this remains the same today.
- Rates could have increased more, but the Program's governing committee voted to use a three year smoothing methodology to help with rate increases.
- The company that we partnered with for the LPT last year, remains a partner with us as a guaranteed reinsurance market for the next four years. This is very valuable in a hard market.



- Prior to the current year, in each of the last seven years we collected at the 65% confidence level, since the overall funding of the Program was very strong and stable. This effectively gave members an up-front savings, or dividend, of nearly \$58M. Now, rates are increasing as we fund the Program at more conservative rates, effectively removing that up front savings. Funding for the 2019/20 year was at 70% Confidence Level (CL), this year (2020/21) we will fund at the 75% CL, and 2021/22 and thereafter is planned to fund at the 80% CL.
- We are not unique in experiencing rate increases for GL coverage, as the liability loss environment for all public entities in California and across the nation is increasingly adverse for public entities.
- Industry-wide, reinsurance markets are forcing communicable disease exclusions due to COVID-19 on public entity renewals. The GL1 Program will be able to avoid this restriction only because of our long-term relationship with markets and our size, which will allow us to self-insure bits and pieces of the Program.
- Our captive insurance company has played an important role in our ability to prudently assume this risk.
- Markets continue to be more judicious with how and where they deploy their capacity and/or limit their exposure. Carriers are looking to add aggregates, add exclusions for communicable disease, and/or increase corridor deductibles. With that said, to date we have been able to largely, if not in whole, able to renew the Program without aggregates and without communicable disease exposure.
- The size and diversity in membership in our program, 133 members with over \$6B in payroll, provides much greater stability than smaller programs, or individual risks, offer due to our spread of risk.
- The benefits of pooling shine brightest during a hard market when our economies of scale, our leverage in the reinsurance markets, and our sharing of best practices help manage risk.
- The GL1 Program membership remains stable and continues to grow year over year.



Agenda Item 8.5**DISCUSSION/ACTION ITEMS****SUBJECT: Property Program Excess Insurance Renewal**

BACKGROUND AND STATUS:

The General Liability & Property Program will be renewing on July 1, 2020. Beyond its self-insured retention levels of \$150,000, CAPRI currently participates in the Alliant Property Insurance Program ("APIP") (formerly known as "CSAC") excess program. APIP is a group purchase program that has historically offered extensive coverage at competitive rates.

As of the time of this writing, CAPRI has yet to receive final renewal quotes for the property program. Based upon early indications, we can be expecting an increase of approximately 30%. At this time, Staff is requesting authority to renew the Property Program Excess Insurance policy with APIP consistent with the estimates. Should final renewal quotes be received before the Meeting, they will be shared with the Board as supplemental handouts.

RECOMMENDATION:

Direct Staff to renew the Property Program Excess Insurance policy with APIP for the FY20-21.

REFERENCE MATERIALS ATTACHED:

- None

Agenda Item 8.6**DISCUSSION/ACTION ITEMS****SUBJECT: Crime Insurance Renewal**

BACKGROUND AND STATUS:

The Government Crime Insurance Program will be renewing on July 1, 2020. CAPRI currently obtains coverage for items such as theft from National Union Fire Insurance Company of Pittsburgh, PA ("AIG"). CAPRI has maintained this coverage for the benefit of its members since approximately 2009.

For this year's renewal, Staff – through CAPRI's broker – obtained a quote for Government Crime Insurance from AIG that is largely unchanged from prior years including a \$5,000 deductible and limits up to \$1,000,000. The quote amounts to **\$17,654** or the same as last year's premium.

At this time, Staff is requesting authority to renew the Government Crime Insurance policy with AIG.

RECOMMENDATION:

Direct Staff to renew the Government Crime Insurance policy with AIG for the FY2020-2021.

REFERENCE MATERIALS ATTACHED:

- None

Agenda Item 8.7**DISCUSSION/ACTION ITEMS****SUBJECT: Identity Fraud Expense Reimbursement Insurance Renewal**

BACKGROUND AND STATUS:

The Identity Fraud Expense Reimbursement policy will be renewing its two-year term on July 1, 2020. CAPRI currently obtains coverage for identity theft of employees, board members, and family from Travelers Excess and Surplus Lines Company ("Travelers"). CAPRI has maintained this coverage for the benefit of its members since approximately 2009.

At the time of this writing, CAPRI has yet to receive a renewal quote for the upcoming fiscal year. Nevertheless, as last year's premium was valued under \$5,000 total for the pool, it is not expected to be a significant expenditure. At this time, Staff is requesting authority to renew the Identity Fraud Expense Reimbursement Crime Insurance policy with Travelers.

RECOMMENDATION:

Direct Staff to renew the Identity Fraud Expense Reimbursement Insurance policy with Travelers for the FY2020-2021.

REFERENCE MATERIALS ATTACHED:

- None

Agenda Item 9.1**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: CARPD Virtual Event Wrap-Up**

BACKGROUND AND STATUS:

The CARPD Conference was scheduled to take place on May 27th-May 30th in South Lake Tahoe, California. Unfortunately, the COVID-19 pandemic forced CARPD to postpone the event indefinitely.

In its place, CARPD hosted a virtual event via Zoom on May 28th and May 29th that focused on the parks and rec's industry's response to the coronavirus.

There was significant interest in the event as CARPD received over 180 registrations from approximately 40 Districts. The event was very well received and Staff is currently exploring expanding upon this offering.

Staff would like to again thank Michelle Lacy, Dean Wetter, Patrick Larkin, Osa Wolff, Sloane Dell'Orto, and Patti Eyres for providing engrossing and relevant material for the CARPD membership at a time when it was most needed.

RECOMMENDATION:

Information only.

Agenda Item 9.2**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: CARPD Election Update**

BACKGROUND AND STATUS:

The annual CARPD Election took place on May 28, 2020. There was some change on the Board this year and below represents the new CARPD Board Member roster.

Executive Board

President	Dennis Waespi, East Bay Regional Park District
President-Elect	Nick Schouten, Valley-Wide Recreation & Park District
Secretary	Michelle Lacy, Pleasant Hill Recreation & Park District
Chief Financial Officer	Al McGreehan, Paradise Recreation & Park District
Past-President	Rick Sloan, Cordova Recreation & Park District

Directors

Mark Johnson, Rancho Simi Recreation & Park District
Doug Nickles, Conejo Recreation & Park District
Brian Danzl, Cordova Recreation & Park District
Michael Seaman, Fulton-El Camino Recreation & Park District

Administrator Members

Stephen Fraher, Arcade Creek Recreation & Park District
Dean Wetter, Valley-Wide Recreation & Park District

RECOMMENDATION:

Information only.

Agenda Item 9.3**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: CAJPA Liability Study Update**

BACKGROUND AND STATUS:

As the Board may recall, CAPRI is participating in a group Liability Study with other public agencies in CAJPA. The purpose of the study was to pool JPA data in order to better evaluate risks and losses so as to improve our collective ability to defend against these claims. These types of data compilation are common on the Plaintiff side, but typically not shared as much on the defense side.

Attached is the most recent update from CAJPA regarding the status of the Study. As noted, there are over 30 participating agencies totaling over 300,000 claims with a total of \$8.1B in losses.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

- CAJPA Public Entity Tort Liability Project Update – June 12, 2020

CAJPA PUBLIC ENTITY TORT LIABILITY PROJECT
UPDATE
JUNE 12, 2020

In late 2019, CAJPA leadership, with support of many of our pool members, commissioned the **CAJPA Tort Liability Data Analysis Project**. This endeavor took place after two years of thoughtful dialogue and research. After an RFP process was conducted, Aon was selected to undertake this study with Julie Theirl as the Project Manager and the support of others from Aon including Craig Bowlus and Mujtaba Dattoo. In addition, Aon is partnering with Bickmore Actuarial who will assist with the actuarial portion of the project.

We greatly appreciate the financial support many of our members have provided. Our hope is to have full participation from California's risk sharing pools to help CAJPA offset the cost of this essential project. To date, the following pools have stepped up to help fund the Tort Liability Project:

ACWA JPIA
Authority for California Cities Excess Liability (ACCEL)
Bay Cities Joint Powers Insurance Authority (BCJPIA)
Butte Schools Self-Funded Programs (BSSFP)
California Association for Park & Recreation Indemnity (CAPRI)
California Joint Powers Insurance Authority (CJPIA)
California Joint Powers Risk Management Authority (CJPRMA)
California Sanitation Risk Management Authority (CSRMA)
California Schools Risk Management JPA (CSRMA)
Central Region School Insurance Group (CRSIG)
Central San Joaquin Valley Risk Management Authority (CSJVRMA)
CSAC EIA/PRISM
Fire Agencies Insurance Risk Authority (FAIRA)
Golden State Risk Management Authority (GSRMA)
Independent Cities Risk Management Authority (ICRMA)
Municipal Pooling Authority (MPA)
North Bay Schools Insurance Authority (NBSIA)
Public Agency Risk Sharing Authority of California (PARSAC)
Public Entity Risk Management Authority (PERMA)
Redwood Empire Schools Insurance Group (RESIG)
San Mateo County Schools Insurance Group (SMCSIG)
Santa Clara County Schools' Insurance Group (SCCSIG)
Schools Excess Liability Fund (SELF)
Schools Insurance Authority (SIA)
Schools Insurance Group (SIG)
Self-Insured Schools of California (SISC)
Special District Risk Management Authority (SDRMA)

We know many other CAJPA members are considering providing financial support and we want to thank them as well and offer to provide any additional information they may need to aid in their decision.

The project has two phases. In summary, Phase One, which is nearing completion, involves the collection of ground up, uncapped loss data from all types of entities for all types of tort exposures. The goal of this phase is to gain an accurate perspective of California public entity loss exposures while also helping to form a road map for the next phase of the project. Phase Two will consist of a deeper analysis of certain types of tort losses (yet to be determined). It's anticipated that losses greater than \$500,000 will be analyzed to look for tort reform opportunities. Of particular interest will be claims that contain joint and several liability as well as inverse condemnation. Other areas of focus will be revealed during the analysis of these large losses as part of Phase Two.

The goal is to have the results of the project available by the end of 2020. CAJPA will be reporting out the results first in a members-only forum.

Data for this project has been provided by:

Authority for California Cities Excess Liability (ACCEL)
ACWA JPIA
Bay Cities Joint Powers Insurance Authority (BCJPIA)
CalTIP
City of Fresno
California Joint Powers Insurance Authority (CJPIA)
California Joint Powers Risk Management Authority (CJPRMA)
County of Los Angeles
CSAC-EIA/PRISM
Central San Joaquin Valley Risk Management Authority (CSJVRMA)
Employment Risk Management Authority (ERMA)
Independent Cities Risk Management Authority (ICRMA)
North Bay Schools Insurance Authority (NBSIA)
Redwood Empire Schools Insurance Group (RESIG)
San Diego Transit
Schools Association for Excess Risk (SAFER)
Special District Risk Management Authority (SDRMA)
Schools Excess Liability Fund (SELF)
Schools Insurance Authority (SIA)
Schools Insurance Group (SIG)
Self-Insured Schools of California (SISC)

We are coming to the conclusion of Phase One. Anticipated Phase One deliverables include:

- Summary of the data including how it has trended over time
- Claims at varying values to help us determine the Phase Two data parameters
- Claims statistics by subset (cities, counties, schools, special districts, etc.)
- Data geographically (Northern California vs. Southern California)
- Portion of the total California public sector that has been captured in the study

The consultants will be presenting their initial Phase One findings next week to the project's Advisory Committee. The Advisory Committee, who is guiding the project through to its conclusion, is comprised of:

Andy Sells, ACWA JPIA, Committee Chair
Craig Schweikhard, SMCSIG
Janet Selby, NSBIA
Martin Brady, SIA
Mike Pott, CSAC-EIA/PRISM
Tony Giles, CJPRMA
Doug Ross, SAFER
Erike Young, PARSAC
Stephan Birgel, ASCIP
Laura Gill, SDRMA
Chrissy Mack, CalTIP
Lam Le, CJPIA
Norman Lefmann, CJPIA

A Phase One report out to the CAJPA Board of Directors will take place on Friday, June 19, 2020 at their Board meeting.

To give you a snapshot, to-date we have \$8.1B in losses representing 322,000 claims. Of those claims, nearly 3,000 claims have a total incurred value of \$500k+ which will likely be the data set for Phase Two. Aon's team just received loss runs from the last three JPAs which are being aggregated into the study now, so these numbers will change.

After the full completion of this project, CAJPA is hopeful that we will have sufficient data to educate policymakers with a goal to ultimately reform the tort system for public entities in California. We will continue to provide updates as the project moves forward.

If you have questions or need additional information, contact CAJPA Executive Director Catherine Smith at casmith@cajpa.org.

Agenda Item 9.4**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: News of Note**

BACKGROUND AND STATUS:

Staff regularly collects recent articles, academic papers, District reports, etc. that relate to the business of CAPRI and that may be of interest to the Board and/or the membership.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

- "Guidance for the Use of Face Coverings" – California Department of Public Health; June 18, 2020



SONIA Y. ANGELL, MD, MPH
State Public Health Officer & Director

State of California—Health and Human Services Agency
California Department of Public Health



GAVIN NEWSOM
Governor

June 18, 2020

GUIDANCE FOR THE USE OF FACE COVERINGS

Because of our collective actions, California has limited the spread of COVID-19 and associated hospitalizations and deaths in our state. Still, the risk for COVID-19 remains and the increasing number of Californians who are leaving their homes for work and other needs, increases the risk for COVID-19 exposure and infection.

Over the last four months, we have learned a lot about COVID-19 transmission, most notably that people who are infected but are asymptomatic or pre-symptomatic play an important part in community spread. The use of face coverings by everyone can limit the release of infected droplets when talking, coughing, and/or sneezing, as well as reinforce physical distancing.

This document updates existing [CDPH guidance](#) for the use of cloth face coverings by the general public when outside the home. It mandates that face coverings be worn state-wide in the circumstances and with the exceptions outlined below. It does not substitute for existing guidance about social distancing and handwashing.

Guidance

People in California must wear face coverings when they are in the high-risk situations listed below:

- Inside of, or in line to enter, any indoor public space;¹
- Obtaining services from the healthcare sector in settings including, but not limited to, a hospital, pharmacy, medical clinic, laboratory, physician or dental office, veterinary clinic, or blood bank;²
- Waiting for or riding on public transportation or paratransit or while in a taxi, private car service, or ride-sharing vehicle;
- Engaged in work, whether at the workplace or performing work off-site, when:
 - Interacting in-person with any member of the public;
 - Working in any space visited by members of the public, regardless of whether anyone from the public is present at the time;

¹ Unless exempted by state guidelines for specific public settings (e.g., school or childcare center)

² Unless directed otherwise by an employee or healthcare provider



- Working in any space where food is prepared or packaged for sale or distribution to others;
- Working in or walking through common areas, such as hallways, stairways, elevators, and parking facilities;
- In any room or enclosed area where other people (except for members of the person's own household or residence) are present when unable to physically distance.
- Driving or operating any public transportation or paratransit vehicle, taxi, or private car service or ride-sharing vehicle when passengers are present. When no passengers are present, face coverings are strongly recommended.
- While outdoors in public spaces when maintaining a physical distance of 6 feet from persons who are not members of the same household or residence is not feasible.

The following individuals are exempt from wearing a face covering:

- Persons age two years or under. These very young children must not wear a face covering because of the risk of suffocation.
- Persons with a medical condition, mental health condition, or disability that prevents wearing a face covering. This includes persons with a medical condition for whom wearing a face covering could obstruct breathing or who are unconscious, incapacitated, or otherwise unable to remove a face covering without assistance.
- Persons who are hearing impaired, or communicating with a person who is hearing impaired, where the ability to see the mouth is essential for communication.
- Persons for whom wearing a face covering would create a risk to the person related to their work, as determined by local, state, or federal regulators or workplace safety guidelines.
- Persons who are obtaining a service involving the nose or face for which temporary removal of the face covering is necessary to perform the service.
- Persons who are seated at a restaurant or other establishment that offers food or beverage service, while they are eating or drinking, provided that they are able to maintain a distance of at least six feet away from persons who are not members of the same household or residence.
- Persons who are engaged in outdoor work or recreation such as swimming, walking, hiking, bicycling, or running, when alone or with household members, and when they are able to maintain a distance of at least six feet from others.

- Persons who are incarcerated. Prisons and jails, as part of their mitigation plans, will have specific guidance on the wearing of face coverings or masks for both inmates and staff.

Note: Persons exempted from wearing a face covering due to a medical condition who are employed in a job involving regular contact with others should wear a non-restrictive alternative, such as a face shield with a drape on the bottom edge, as long as their condition permits it.

Background

What is a cloth face covering?

A cloth face covering is a material that covers the nose and mouth. It can be secured to the head with ties or straps or simply wrapped around the lower face. It can be made of a variety of materials, such as cotton, silk, or linen. A cloth face covering may be factory-made or sewn by hand or can be improvised from household items such as scarfs, T-shirts, sweatshirts, or towels.

How well do cloth face coverings work to prevent spread of COVID-19?

There is scientific evidence to suggest that use of cloth face coverings by the public during a pandemic could help reduce disease transmission. Their primary role is to reduce the release of infectious particles into the air when someone speaks, coughs, or sneezes, including someone who has COVID-19 but feels well. Cloth face coverings are not a substitute for physical distancing, washing hands, and staying home when ill, but they may be helpful when combined with these primary interventions.

When should I wear a cloth face covering?

You should wear face coverings when in public places, particularly when those locations are indoors or in other areas where physical distancing is not possible

How should I care for a cloth face covering?

It's a good idea to wash your cloth face covering frequently, ideally after each use, or at least daily. Have a bag or bin to keep cloth face coverings in until they can be laundered with detergent and hot water and dried on a hot cycle. If you must re-wear your cloth face covering before washing, wash your hands immediately after putting it back on and avoid touching your face. Discard cloth face coverings that:

- No longer cover the nose and mouth
- Have stretched out or damaged ties or straps
- Cannot stay on the face
- Have holes or tears in the fabric

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