

ATTACHMENT 2

AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY (9393 Santa Fe Avenue East, Hesperia)

This AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY ("**Agreement**"), is made as of _____, 2018 ("**Agreement Date**"), by and between the CITY OF HESPERIA, a municipal corporation ("**Seller**"), and the COUNTY SERVICE AREA 70, organized and existing pursuant to the laws of the State of California ("**Purchaser**").

RECITALS

- A. Seller is the fee owner of that certain real property consisting of approximately 1.35 acres improved with an approximately 7,277 square-foot single-story office building located at 9393 Santa Fe Avenue East in the City of Hesperia, County of San Bernardino, California consisting of two (2) assessor parcels (APNs 0410-171-19 & 0410-171-47) and legally described on attached Exhibit A ("**Property**").
- B. Seller desires to sell and Purchaser desires to acquire the Property in accordance with the terms of this Agreement.

TERMS & CONDITIONS

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, Seller and Purchaser agree as follows:

- 1. **Incorporation of Recitals.** The Recitals are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement and are hereby incorporated herein.
- 2. **Purchase and Sale of Property.** Purchaser hereby agrees to purchase from Seller, and Seller agrees to sell to Purchaser, the Property AS-IS. The Property shall be transferred to Purchaser pursuant to a grant deed in the form attached hereto as Exhibit B to be delivered in accordance with Section 5 ("**Grant Deed**").
- 3. **Purchase Price.** The purchase price for the Property shall be Six Hundred Ten Thousand Dollars (\$610,000) ("**Purchase Price**") which shall be paid as follows:
 - 3.1. **Down Payment.** Purchaser shall pay to Seller the sum of One Hundred Twenty-Two Thousand Dollars (\$122,000) ("**Down Payment**") in accordance with Section 5.
 - 3.2. **Purchase Money Note.** Purchaser shall pay the balance of the Purchase Price in four (4) equal annual installments of One Hundred Twenty Two Thousand Dollars (\$122,000) each due on July 1 of each year commencing on July 1, 2019 pursuant to the terms set forth in the Purchase Money Note in the form attached as Exhibit C to be executed by Purchaser and delivered to Seller as set forth in Section 5 ("**Purchase Money Note**"). The Purchase Money Note shall be delivered to Seller pursuant to Section 5.
- 4. **Title Insurance; Escrow.**
 - 4.1. **Title Insurance.**

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- (a) Review of Title. Within five (5) days following the Agreement Date, Purchaser shall have the right to order a current preliminary report from Lawyer's Title (the "Title Company") covering the Property, together with full and legible copies of all supporting documents (collectively, "Preliminary Title Report"). Purchaser shall further have the right to order a survey of the Property from a licensed surveyor sufficient to obtain an ALTA title insurance policy ("Survey").
- (b) Title Objections. On or before the date that is thirty (30) days after the Agreement Date ("Purchaser's Title Review Period"), Purchaser shall notify Seller in writing ("Purchaser's Title Notice") of any objections Purchaser may have to title exceptions or other matters contained in the Preliminary Title Report or Survey ("Title Objections"). If Purchaser does not give Purchaser's Title Notice on or before the expiration of Purchaser's Title Review Period, such failure shall conclusively be deemed to be Purchaser's approval of those matters. If Purchaser does timely provide Purchaser's Title Notice with Title Objections, Seller shall have five (5) business days after receipt of Purchaser's Title Notice to notify Purchaser that Seller (i) will endeavor to cause or (ii) elects not to cause any or all of the Title Objections disclosed therein to be removed or insured over by the Title Company in a manner reasonably satisfactory to Purchaser. Seller's failure to notify Purchaser within such five (5) business day period as to any Title Objections that Seller is willing to endeavor to remove or cause to be insured over shall be deemed an election by Seller not to pursue such endeavor to remove or have the Title Company insure over such Title Objections. If Seller notifies or is deemed to have notified Purchaser that Seller shall not endeavor to remove nor have the Title Company insure over any or all of the Title Objections, Purchaser shall have five (5) business days after the expiration of Seller's five (5) business day period to respond to either (1) terminate this Agreement or (2) waive such Title Objections and proceed to Closing, without any reduction in the Purchase Price on account of such Title Objections. If Purchaser does not give notice within said five (5) business day period, Purchaser shall be deemed to have elected to waive the Title Objections pursuant to clause (2) of this Section 4.1(b).
- (c) Purchaser shall have the right to request updates or supplements to the Preliminary Title Report or Survey at any time prior to Closing and if Purchaser receives any updates or supplements to the Preliminary Title Report or Survey disclosing any new materially adverse title matters not disclosed to Purchaser prior to the expiration of the Purchaser's Title Review Period, the right of review and approval pursuant to Section 4.1(b) shall also apply to said new matters; provided, however, the period for Purchaser to deliver Purchaser's Title Notice with respect to such new title matters shall be the later of (i) expiration of the Purchaser's Title Review Period, or (ii) five (5) business days from receipt of the updates or supplements to the Preliminary Title Report or Survey and the underlying document(s) referenced therein. If Closing is scheduled to occur within Purchaser's review and approval period set forth in Section 4.1(c), then Closing shall be extended to be the date which is five (5) business days following such Purchaser's review and approval period set forth in this Section 4.1(c).

4.2. Escrow.

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- (a) Closing of the sale of the Property shall take place through an escrow ("Escrow") to be established with Commonwealth Land Title/Lawyers Title ("Escrow Holder") Escrow shall be deemed open upon Purchaser's delivery of a fully executed copy of this Agreement to Escrow Holder at its office located at 888 S. Figueroa Street, Suite 2100, attention: Crystal Leyvas, which shall occur by no later than ten (10) business days following the Agreement Date. Upon receipt of a fully executed copy of this Agreement, Escrow Holder shall execute the Escrow Holder's acceptance attached hereto and notify Seller and Purchaser of the escrow number it assigns to the Escrow.
- (b) Escrow Instructions. This Agreement, together with any standard instructions of Escrow Holder, shall constitute the joint escrow instructions of Seller and Purchaser to Escrow Holder as well as an agreement between Seller and Purchaser. In the event of any conflict between the provisions of this Agreement and Escrow Holder's standard instructions, this Agreement shall prevail.

5. Closing.

- 5.1. Closing. Provided that Purchaser has not terminated the Agreement pursuant to Section 4.1 of the Agreement, all Seller's Conditions to Closing and Purchaser's Conditions to Closing have been respectively satisfied or waived pursuant to Section 5.4, the parties shall consummate this transaction as soon as reasonably practicable following the Agreement Date but in no event later than the date that is sixty (60) days from the Agreement Date in accordance with the closing process specified in Section 5.2 ("**Closing**").

5.2 Closing Process.

(i)

- (a) Deliveries by Seller. On or before 12:00 noon Pacific Time on the business day preceding the date scheduled for Closing ("**Closing Date**"), Seller shall deliver to Escrow Holder: (i) the Grant Deed in the form attached hereto as Exhibit "B" ("**Grant Deed**"), executed and acknowledged by Seller; (ii) the escrow costs and pro-rations for which Seller is responsible pursuant to this Agreement; (iii) an original of the Closing Statement described in Section 5.3(c) executed by Seller; and (iv) all other documents reasonably required by Escrow Holder to carry out and close the Escrow pursuant to this Agreement.
- (b) Deliveries by Purchaser. On or before 12:00 noon Pacific Time on the business day preceding the scheduled Closing Date, Purchaser shall deliver to Escrow Holder: (i) the Down Payment, (ii) originally executed Purchase Money Note (ii) the escrow costs and pro-rations for which Purchaser is responsible pursuant to this Agreement, (iii) an original of the Closing Statement described in Section 5.3(c) executed by Purchaser, and (iv) all other documents reasonably required by Escrow Holder to carry out and close the Escrow pursuant to this Agreement.
- (c) Closing Statement. No later than four (4) business days prior to the Closing Date, Escrow Holder shall prepare for approval by Seller and Purchaser a closing statement ("Closing Statement") on Escrow Holder's standard form indicating,

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among other things, Escrow Holder's estimate of all closing costs and pro-rations made pursuant to this Agreement.

- (d) Closing, Recording and Disbursements. On the Closing Date, and provided all of the Seller's Conditions to Closing and Purchaser's Conditions to Closing set forth in Section 5.4 of this Agreement have been satisfied or waived in writing by the appropriate party, Escrow Holder shall take the following actions:
 - (i) Recording. Escrow Holder shall cause the Grant Deed to be recorded with the Recorder's Office in San Bernardino County, California.
 - (ii) Delivery of Documents and Funds. Escrow Holder shall deliver to Purchaser all of the items listed in Section 5.2(a) above which were delivered by Seller to Escrow Holder, except that Escrow Holder shall be instructed to record the original Grant Deed with the Recorder's Office in San Bernardino County, California upon Close of Escrow. Escrow Holder shall deliver the Down Payment to Seller by wire transfer as provided in written instructions to be furnished to Escrow Holder by Seller prior to the Close of Escrow, together with one duplicate original of all of the items listed in Section 5.2(b) above on the Close of Escrow.
- (e) Taxes. Real property taxes will not be prorated between Seller and Purchaser in Escrow..

5.3 Costs. Purchaser shall pay for the premium for the standard coverage owner's title policy Title Policy referred to in Section 4.1 with the cost of any endorsements or extended coverage to be as set forth therein. Any recording fees for the documents to be recorded under this Agreement and the escrow fee of Escrow Holder shall be shared equally by Seller and Purchaser; provided, however, that if the Close of Escrow has not occurred by the Closing Date by reason of a default hereunder, the defaulting party shall bear all Escrow cancellation charges. All other costs and expenses of Escrow not specifically allocated in this Agreement shall be allocated between Seller and Purchaser in accordance with customary practice in the county in which the Property is located. Seller and Purchaser shall each be responsible for its respective attorneys' fees and costs for this Agreement.

5.4 Conditions to Closing Escrow.

- (a) Conditions to Seller's Obligations. In addition to any other condition set forth in this Agreement in favor of Seller, Seller shall have the right to condition its obligation to convey the Property to Purchaser and close the Escrow upon the satisfaction, or written waiver by Seller, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the "Seller's Conditions to Closing"):
 - (ii) Delivery of Document and Funds. Purchaser shall have timely executed and deposited into Escrow all escrow and closing documents required to be submitted by Purchaser in order to accomplish the close of Escrow for

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the Property. Purchaser shall have deposited with Escrow Holder the Down Payment and the escrow and closing costs for which Purchaser is responsible to pay and all other sums required of Purchaser by this Agreement.

- (iii) No Default. Purchaser shall not be in material default of any of its obligations under this Agreement and no event shall have occurred that would constitute a default with the giving of notice or the passage of time.
- (b) Conditions to Purchaser's Obligations. In addition to any other condition set forth in this Agreement in favor of Purchaser, Purchaser shall have the right to condition its obligation to purchase the Property and close the Escrow upon the satisfaction, or written waiver by Purchaser, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the Purchaser's Conditions to Closing):
 - (i) Delivery of Documents. Seller shall have executed and deposited into Escrow the Grant Deed and any other escrow and closing documents required to be submitted by Seller in order to accomplish the close of Escrow for the Property.
 - (ii) Title Policy. The Title Company is unconditionally and irrevocably committed to issue to Purchaser at Closing a CLTA standard coverage owner's title policy, or, upon Purchaser's request, an ALTA extended coverage owner's policy of title insurance (provided Purchaser shall be responsible for any survey costs associated therewith and Purchaser must deliver an ALTA survey acceptable to the Title Company for the issuance of such extended coverage at least ten (10) business days prior to the Closing Date and Purchaser shall be responsible for the additional cost of the extended coverage), insuring Purchaser's title to the Property in the amount of the Purchase Price, subject only to the following (collectively, the "Approved Title Exceptions"): (i) the standard exceptions and exclusions from coverage contained in such form of the policy; (ii) real estate taxes not yet due and payable; (iii) matters created by, through or under Purchaser; (iv) items disclosed by the Survey and Preliminary Title Report (including any supplements) and approved or deemed approved by Purchaser pursuant to the title review provisions in Section 4.1(b), or, if Purchaser fails to obtain the Survey, items which would be disclosed by an accurate, updated survey of the Property or a physical inspection of the Property; and (v) any Title Objections that neither Seller nor the Title Company has agreed to remove from title or insure over ("Title Policy"). The issuance of an ALTA extended coverage policy shall not be a condition precedent to Purchaser's obligation to close the Escrow, and Purchaser shall not object to the Closing based upon an inability to obtain, or any delays in obtaining, such coverage. In addition, and without limiting the foregoing, the issuance of any particular title endorsements requested by Purchaser, at Purchaser's sole cost and expense, shall not be a condition precedent to Purchaser's obligation to close this Escrow and Purchaser acknowledges that Purchaser is solely responsible for ascertaining the availability of any such endorsements on or before the Closing Date. If endorsements are required to cure defects

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in title and Seller have agreed to provide such endorsements as a means of curing such title defects, then Seller shall pay for such endorsements

- (iii) Condition. The condition of the Property on the Closing Date shall be in substantially the same on the Closing Date as on the Agreement Date.
 - (iv) CEQA. The requirements under the California Environmental Quality Act, as amended, shall have been complied with.
 - (v) Representations and Warranties. All representations and warranties made by Seller in this Agreement are true and correct in all material respects as of the Closing as though made at that time.
 - (vi) No Default. Seller shall not be in material default of any of its obligations under this Agreement (and shall not have received notice of a default hereunder which has not been cured).
- (c) Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Seller or Purchaser, each party shall use its diligent efforts, in good faith, and at its own cost, to satisfy such condition.
- (d) Waiver. Seller may at any time or times, at its election, waive any of the Seller's Conditions to Closing set forth in Section 5.3(a) above to its obligations hereunder, but any such waiver shall be effective only if contained in writing and signed by Seller and delivered to Purchaser. Purchaser may at any time or times, at its election, waive any of Purchaser's Conditions to Closing set forth in Section 5.3(b) above to its obligations hereunder, but any such waiver shall be effective only if contained in writing and signed by Purchaser and delivered to Seller.
- (e) Escrow Termination. In the event each of Seller's Conditions to Closing set forth in Section 5.3(a) is not fulfilled on the Closing Date or such earlier time period as provided for herein or waived by Seller pursuant to Section 5.3(d), and provided Seller is not in default of this Agreement, Seller may at its option terminate this Agreement and the Escrow opened hereunder. In the event that each of Purchaser's Conditions to Closing set forth in Section 5.3(b) is not fulfilled on the Closing Date or such earlier time period as provided for herein or waived by Purchaser pursuant to Section 5.3(d), and provided Purchaser is not in default of this Agreement, Purchaser may at its option terminate this Agreement and the Escrow opened hereunder. No termination under this Agreement shall release either party then in default from liability for such default.

6. Possession; Insurance.

6.1. Possession. Upon Closing, Seller shall deliver possession of the Property to Purchaser free and clear of any possessory interests, Seller personal property, and any trash and debris.

6.2. Insurance. Except as otherwise provided herein, insurance policies for fire or casualty, if any, are not to be transferred, and Seller agrees to maintain all current fire

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or casualty policies in force until Purchaser has recorded the Grant Deed, at which time Seller may cancel said policies. Prior to the Closing, the entire risk of loss or damage from any casualty or by power of eminent domain is solely borne and assumed by Seller.

7. **Default.** In addition to any other rights or remedies and subject to the restrictions set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default (subject to the restriction on Seller's rights to recover monetary damages against Purchaser set forth in the final clause of this sentence), or to obtain any other remedy consistent with the purpose of this Agreement; provided, however, that notwithstanding anything in the foregoing to the contrary, in no event shall Seller be entitled to obtain monetary damages of any kind from Purchaser, including but not limited to for economic loss, lost profits, or any other economic or consequential damages of any kind. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California or in the United States District Court for the Central District of California.
8. **Representations and Warranties of Seller.** Except as set forth or otherwise disclosed in this Agreement or by written notice delivered to Purchaser prior to the Closing Seller represents and warrants to Purchaser that, as of the Agreement Date and as of the date of Closing to the best of Seller's actual knowledge of Seller's current staff and without any duty of investigation:
- a. Seller has not received notice of violation of any applicable law, ordinance, regulation, order or requirement relating to Seller's operation or use of the Property.
 - b. There is no litigation pending or threatened against or by Seller or the Property which relates to, or if decided adversely, could have a material adverse effect upon, the Property (including condemnation or similar proceedings).
 - c. There are no leases, licenses or other occupancy or use agreements, written or oral, in effect in which Seller has granted any party rights to possession or use of the Property or any portion thereof, nor has Seller given any party an option or right of first refusal to purchase any portion of the Property.
 - d. The Property is not subject to any operating, maintenance or repair contract or other agreements that will bind the Property or Purchaser after the Closing.

No representation, statement or warranty by Seller contained in this Agreement contains or will contain any untrue statements or omits, or will omit, a material fact necessary to make the statement of fact therein recited not misleading. If, after Seller's execution hereof and prior to the Closing, any event occurs or condition exists of which Seller becomes aware which renders any of the representations contained herein untrue or misleading, Seller shall promptly notify Purchaser in writing. Seller's representations and warranties in this Section 8 shall survive Closing for one (1) year.

9. **Assignment.** Neither party shall have the right to assign this Agreement without the prior written consent of the other party which may be withheld in either party's sole and absolute discretion.

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10. **Binding Effect.** This Agreement shall be binding and inure to the benefit of the successors and assigns of the respective parties.
11. **Broker's Commission.** Purchaser and Seller each represent and warrant to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Purchaser and Seller each agree to indemnify and hold the other party harmless from and against all liabilities, costs, damages and expenses, including, without limitation, reasonable attorneys' fees, resulting from any claims for fees or commissions, based upon agreements by it, if any, to pay a broker's commission and/or finder's fee.
12. **Integration; Merger; Amendment.** Seller and Purchaser have not made any covenants, warranties or representations not set forth in this Agreement. This Agreement constitutes the entire Agreement between the parties. This Agreement shall as to all prior drafts or forms exchanged between the parties or executed by the parties, be the sole effective agreement between them as to the transaction referenced herein. This Agreement shall not be amended unless in writing and executed by the parties.
13. **Notices.** All notices shall be in writing and delivered personally, by overnight courier service that provides a receipt showing date and time of delivery, or by U.S. certified or registered mail, return receipt requested, postage prepaid, to the parties at their respective addresses set forth below, and the same shall be effective upon receipt or refusal to accept receipt if delivered in accordance with this Section 13:

If to Seller:

City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

With a copy to:

Aleshire & Wynder, LLP
3880 Lemon Street, Suite 520
Riverside, CA 92501
Attn: Eric Dunn, City Attorney

If to Purchaser:

County Service Area 70
157 W. 5th Street, 2nd Floor
San Bernardino, CA 92415

With a copy to:

San Bernardino County
Real Estate Services Department
385 N. Arrowhead Avenue, 3rd Floor
San Bernardino, CA 92415

14. **Governing Law.** This Agreement shall be construed according to the laws of the State of California.
15. **Attorney's Fees.** If any legal action or other proceeding is brought for the enforcement of this Agreement, each party, including the prevailing party, must bear its own costs and attorneys' fees. This Section 15 shall not apply to those costs and attorneys' fees directly arising from any third party legal action against a party hereto and payable under Section 11.

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16. **Severability.** If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.
17. **Construction.** In determining the meaning of, or resolving any ambiguity with respect to, any word, phrase or provision of this Agreement, no uncertainty or ambiguity shall be construed or resolved against a party under any rule of construction, including the party primarily responsible for the drafting and preparation of this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.
18. **No Waiver.** The failure of either party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement.
19. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall be deemed but one and the same instrument, and a facsimile or e-mailed PDF copy of such execution shall be deemed an original.
20. **Cooperation.** The parties agree to execute such instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.
21. **Force Majeure.** If either party is delayed or prevented from performing any act required in this Agreement by reason of any event beyond the reasonable control of either party, including without limitation, by labor disputes, fire, unusual delay in deliveries, weather or acts of God, terrorism, delay in the issuance of permits or approvals, acts of governmental entities, unavoidable casualties or any other such causes beyond such party's control, then the time herein fixed for completion of such obligation(s) shall be extended by the number of days that such party has been delayed.
22. **Interpretation.** The parties to this Agreement participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, then this Agreement will be construed as if drafted jointly by the parties to this Agreement, and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by virtue of the authorship of any of the provisions of this Agreement.
29. **Incorporation of Exhibits.** Exhibit A, B, C, & D attached hereto are incorporated herein by reference.

[SIGNATURES ON FOLLOWING PAGE]

ATTACHMENT 2

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the Agreement Date.

PURCHASER:

COUNTY SERVICE AREA 70

Robert Lovingood,
Chairman, Board of Supervisors

Date: _____, 2018

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF THE
BOARD

LAURA H. WELCH, Clerk of
the Board of Supervisors

By: _____
Deputy

Date: _____, 2018

APPROVED AS TO LEGAL FORM:

MICHELLE D. BLAKEMORE, County Counsel
San Bernardino County, California

By: _____
Agnes Cheng, Deputy County Counsel

Date: _____, 2018

SELLER:

CITY OF HESPERIA,
a municipal corporation

By: _____
Bill Holland, Mayor Pro Tem

ATTEST:

Melinda Sayre, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Eric Dunn, City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY

That certain real property in the City of Hesperia, County of San Bernardino, State of California legally described as follows:

Parcel 1:

That portion of the West 360.00 feet of Block 96, MAP NO. 1 OF HESPERIA, in the City of Hesperia, County of San Bernardino, State of California, as per plat recorded in Book 12 of Maps, pages 21 through 27, inclusive records of said County and that portion of Parcel 1 and 2 of Parcel Map 469, as per plat recorded in Book 4 of Parcel Maps, Page 61 records of said County, said portions being more particularly described as a whole as follows:

COMMENCING at the Southeast corner of said Parcel No. 2; thence North 09° 40' 30" East along the East line of said Parcel No. 2, a distance of 140.00 feet to the TRUE POINT OF BEGINNING; thence Course "A", South 85° 15' 11" East a distance of 140.52 feet to a point on the East line of the West 360.00 feet of said Block 96; thence South 09° 40' 30" West along said East line a distance of 152.08 feet; thence North 80° 19' 19" West a distance of 360.00 feet to the Southwest corner of Parcel No. 1 of said Parcel Map; thence North 09° 40' 30" East along the West line of said Parcel No. 1, a distance of 134.40 feet; thence Course "B" South 81° 52' 54" East along the North line of said Parcels 1 and 2, a distance of 220.08 feet to the TRUE POINT OF BEGINNING.

Except the interest in 1/2 of all oil, gas and mineral lying and being more than 200 feet below the respective present surface elevations of the above described property, which was excepted in the deed from Appleton Land, Water and Power Company N.K. Mendelsohn, et al., recorded June 11, 1954 in book 3400, page 409, which deed provided as follows: "That such excepted ownership of such 1/2 interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals."

Parcel 2:

The Southerly 20 feet of the Northerly 220 feet of the Westerly 360 feet of Block 96, Map No. 1 of Hesperia, in the City of Hesperia, County of San Bernardino, State of California, as per plat recorded in Book 12 of Maps, pages 21 to 27, inclusive, in the office of the county recorder of said county.

Except the interest in 1/2 of all oil, gas and mineral lying and being more than 200 feet below the respective present surface elevations of the above described property, which was excepted in the deed from Appleton Land, Water and Power Company N.K. Mendelsohn, et al., recorded June 11, 1954 in book 3400, page 409, which deed provided as follows: "That such excepted ownership of such 1/2 interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals."

**EXHIBIT B
GRANT DEED**

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

San Bernardino County
Real Estate Services Department
825 East Third Street, Room 207
San Bernardino, CA 92415-0832

APNs. 0410-171-19 & 0410-171-47
Exempt from Doc Transfer Taxes per Govt Code §11928

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code §6103)

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the CITY OF HESPERIA, a municipal corporation ("**Grantor**") hereby grants to the COUNTY SERVICE AREA 70 ("**Grantee**"), all of its respective rights, title, and interest in that certain real property in the County of San Bernardino, State of California, as more particularly described in Attachment 1 attached hereto and incorporated herein by this reference ("**Property**") subject to all matters of record.

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed on its behalf as of the date written below.

"GRANTOR"

CITY OF HESPERIA,
a municipal corporation

By: _____
Bill Holland, Mayor Pro Tem

ATTEST:

Dated: _____, 2018

By: _____
Melinda Sayre, City Clerk

**ATTACHMENT 1 TO GRANT DEED
LEGAL DESCRIPTION OF THE REAL PROPERTY**

That certain real property in the City of Hesperia, County of San Bernardino, State of California legally described as follows:

Parcel 1:

That portion of the West 360.00 feet of Block 96, MAP NO. 1 OF HESPERIA, in the City of Hesperia, County of San Bernardino, State of California, as per plat recorded in Book 12 of Maps, pages 21 through 27, inclusive records of said County and that portion of Parcel 1 and 2 of Parcel Map 469, as per plat recorded in Book 4 of Parcel Maps, Page 61 records of said County, said portions being more particularly described as a whole as follows:

COMMENCING at the Southeast corner of said Parcel No. 2; thence North 09° 40' 30" East along the East line of said Parcel No. 2, a distance of 140.00 feet to the TRUE POINT OF BEGINNING; thence Course "A", South 85° 15' 11" East a distance of 140.52 feet to a point on the East line of the West 360.00 feet of said Block 96; thence South 09° 40' 30" West along said East line a distance of 152.08 feet; thence North 80° 19' 19" West a distance of 360.00 feet to the Southwest corner of Parcel No. 1 of said Parcel Map; thence North 09° 40' 30" East along the West line of said Parcel No. 1, a distance of 134.40 feet; thence Course "B" South 81° 52' 54" East along the North line of said Parcels 1 and 2, a distance of 220.08 feet to the TRUE POINT OF BEGINNING.

Except the interest in 1/2 of all oil, gas and mineral lying and being more than 200 feet below the respective present surface elevations of the above described property, which was excepted in the deed from Appleton Land, Water and Power Company N.K. Mendelsohn, et al., recorded June 11, 1954 in book 3400, page 409, which deed provided as follows: "That such excepted ownership of such 1/2 interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals."

Parcel 2:

The Southerly 20 feet of the Northerly 220 feet of the Westerly 360 feet of Block 96, Map No. 1 of Hesperia, in the City of Hesperia, County of San Bernardino, State of California, as per plat recorded in Book 12 of Maps, pages 21 to 27, inclusive, in the office of the county recorder of said county.

Except the interest in 1/2 of all oil, gas and mineral lying and being more than 200 feet below the respective present surface elevations of the above described property, which was excepted in the deed from Appleton Land, Water and Power Company N.K. Mendelsohn, et al., recorded June 11, 1954 in book 3400, page 409, which deed provided as follows: "That such excepted ownership of such 1/2 interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals."

CERTIFICATE OF ACCEPTANCE
(Government Code Section 27281)

This is to certify that the interest in real property conveyed by the within instrument to County Service Area 70, organized and existing pursuant to the laws of the State of California, is hereby accepted by the undersigned officer/agent on behalf of the Board of Supervisors pursuant to authority conferred by resolution of the Board of Supervisors adopted on March 27, 2012 and the Grantee consents to recordation thereof by its duly authorized officer/agent

Dated: _____

By: _____
Terry W. Thompson, Director
Real Estate Services Department

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

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

WITNESS my hand and official seal.

SEAL:

EXHIBIT C
PURCHASE MONEY NOTE
PURCHASE MONEY NOTE

\$488,000 _____, 2018 (“**Note Date**”)

FOR VALUE RECEIVED, COUNTY SERVICE AREA 70, organized and existing pursuant to the laws of the State of California (“**Maker**”) hereby promises to pay to the CITY OF HESPERIA, a California municipal corporation (“**Holder**”), at a place designated by Holder, the principal sum of FOUR HUNDRED EIGHTY EIGHT THOUSAND DOLLARS (\$488,000) (“**Loan Amount**”), plus accrued interest, or such lesser amount which shall from time to time be owing hereunder pursuant to the terms hereof.

1. **Loan Amount.** The Loan Amount represents the balance of the Purchase Price for the real property defined in Agreement for Purchase and Sale of Real Property executed on even date with this Purchase Money Note (“**Note**”).
2. **Interest.** The Loan Amount shall bear interest from the Note Date until paid in full at the rate of One percent (1%) per annum.
3. **Annual Payments.** Maker shall pay to Holder annual installments of the Loan Amount in the sum of One Hundred Twenty-Two Thousand Dollars (\$122,000) plus accrued interest on July 1 of each year commencing on July 1, 2019 and continuing thereafter until the earlier of the Maturity Date or this Note is paid in full.
4. **Maturity Date.** The Loan Amount plus accrued interest shall be fully due and payable on July 1, 2022 (“**Maturity Date**”).
5. **Payments.** All payments shall be paid in lawful money of the United States of America at such places as Holder may designate in writing from time-to-time. Payments will be applied first to accrued, unpaid interest, then to principal, and any remaining amount then to any unpaid late charges.
6. **Prepayment.** This Note for then remaining balance of the Loan Amount along with any then accrued interest may be prepaid in whole or in part at any time without penalty or premium due from Maker.
7. **Default.**
 - 7.1. **Default.** A default of this Note shall occur upon: (i) Maker’s failure to timely perform the obligations under this Note; or (ii) Maker transfers or encumbers the Property in violation of Section 9 below, Notwithstanding anything to the contrary in this Section 7.1, no default by Maker shall occur until such time that Holder first provides written notice of Maker of each occurrence of the alleged default and Maker does not remedy such alleged default within thirty (30) days after Maker’s receipt of Holder’s notice, provided that if the nature of the alleged default is such that more than thirty (30) days is required to remedy such default, Maker shall have such additional time as is reasonably

necessary to remedy such default so long as Maker commences its remedy within said thirty (30) days and diligently pursues the remedy to completion.

- 7.2. Remedies.** In the event of that a default is not remedied pursuant to Section 7.1, it shall be lawful for Holder to exercise any and all remedies available pursuant to law or granted pursuant to this Note; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the remainder of the Loan Amount then due or otherwise declare any installment of the Loan Amount not then in default to be immediately due and payable. In the event of a default that is not remedied pursuant to Section 7.1, Purchaser shall continue to remain liable for installment payments of the Loan Amount and/or damages for breach of this Note and the performance of all conditions herein contained and, in any event such installment of the Loan Amount and/or damages shall be payable to Holder only at the same time and in the same manner as provided for in this Note.
- 8. Late Charge.** If Maker fails to make any annual installment of the Loan Amount and interest when due and payable, and such installment remains unpaid for more than thirty (30) days after written notice from Holder of such late payment, a late charge by way of damages shall be due and payable. Maker recognizes that default by Maker in making the payments herein agreed to be paid when due will result in Holder incurring additional expense in servicing the loan and in loss to Holder of the use of the money due. Maker agrees that, if for any reason Maker fails to pay the amounts due under this Note when due, Holder shall be entitled to damages for the detriment caused thereby, but that it is extremely difficult and impractical to ascertain the extent of such damages. Maker, therefore, agrees that a sum equal to five percent (5%) of each payment which becomes delinquent ("**Late Charge**") is a reasonable estimate of said damages to Holder of this Note, which sum Maker agrees to pay within thirty (30) days after Holder demand. Prior to collecting any late charge hereunder, Holder shall comply with the provisions of California Civil Code Section 2954.5, as such section or any successor section may now or hereafter be in effect.
- 9. Transfer or Encumbrance.** Maker shall not sell, contract to sell, give an option to purchase, convey, lease with an option to purchase, encumber, or alienate the Property, or any interest in it, or suffer its title to, or any interest in, the Property to be divested, whether voluntarily or involuntarily or permit title to the Property to become subject to any lien or charge, voluntary or involuntary, contractual or statutory, without Holder's prior written consent, which consent shall not be unreasonably withheld, delayed, or conditioned.
- 10. Reserved.**
- 11. Severability.** The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.
- 12. Modifications.** No waiver or modification of any of the terms or provisions of this Note shall be valid or binding unless set forth in a writing signed by both Holder and Maker, and then only to the extent therein specifically set forth.

13. **Usury.** Notwithstanding any provision in this Note, the total liability for payment in the nature of interest shall not exceed the limit imposed by applicable laws of the State of California.
14. **Attorneys' Fees.** If any legal action or other proceeding is brought for the enforcement of this Note, or because of an alleged dispute, breach, default or misrepresentation in connection with or arising out of any of the provisions of this Note each party, including the prevailing party, must bear its own costs and attorneys' fees.
15. **Governing Law.** This Note has been executed and delivered by Maker in the State of California and is to be governed and construed in accordance with the laws thereof.
16. **Partial Invalidity.** If any provision or any word, term, class or part of any provision of this Note is deemed to be invalid for any reason, the same shall be ineffective but the remainder of this Note and of the provisions shall not be affected and shall remain in full force and effect.
17. **Notices.** All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service that provides a receipt showing date and time of delivery, or by U.S. certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

If to Holder:

City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

With a copy to:

Aleshire & Wynder, LLP
3880 Lemon Street, Suite 520
Riverside, CA 92501
Attn: Eric Dunn, City Attorney

If to Maker:

County Service Area 70
157 W. 5th Street, 2nd Floor
San Bernardino, CA 92415

With a copy to:

San Bernardino County
Real Estate Services Department
385 N. Arrowhead Avenue, 3rd Floor
San Bernardino, CA 92415

Notices personally delivered or delivered by overnight guaranteed delivery service that provides a receipt showing date and time of delivery or delivered by U.S. certified or registered mail, return receipt requested, postage prepaid shall be deemed effective upon receipt or refusal to accept receipt. .

18. **No Waiver.** No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of Holder or Maker to take action, or any delay be implied from any failure by Holder or Maker in taking action, with respect to such breach, default or failure from any prior waiver of any similar or unrelated breach, default or failure.

19. Time of Essence. Time is of the essence in the performance of the obligations and provisions set forth in this Note.

IN WITNESS WHEREOF, Maker has executed this Note as of the Note Date.

MAKER:

COUNTY SERVICE AREA 70

Robert Lovingood,
Chairman, Board of Supervisors

Date: _____, 2018

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD

LAURA H. WELCH, Clerk of the Board of
Supervisors

By: _____
Deputy

Date: _____, 2018

APPROVED AS TO LEGAL FORM:

MICHELLE D. BLAKEMORE, County Counsel,
San Bernardino County, California

By: _____
Agnes Cheng, Deputy County Counsel

Date: _____, 2018

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received a fully executed copy of the foregoing AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Commonwealth Land Title/Lawyers Title

_____, 2018

By: _____

Name: _____

Title: _____