

## OPTION AGREEMENT

This **OPTION AGREEMENT** (“Agreement”) is entered into as of the date last signed below (“Effective Date”) by and between **R.B. Johnson Investments, LLC**, a California limited liability company (the “Optionor”), and **The City of Coachella**, a political subdivision of the State of California (the “Optionee”).

### RECITALS

A. The Optionor owns land located at Harrison and Fourth Streets in the City of Coachella, State of California, described more fully in **Attachment A** attached hereto and made a part hereof by this reference (“Land”), including all maps, plans, permits, reports, consents, entitlements and deposits relating to the Land in Optionor’s possession (the “Work Product” and, together with the Land, the “Property”). The Property is adjacent, on the north side, to property designated for an affordable housing development to be developed by Chelsea Investment Corporation.

B. Optionor desires to grant to Optionee an option to purchase the Property (the “Option”), for the purpose of developing a transit hub for SunLine Transit Authority (the “Project”), on the terms and under the conditions set forth therein.

### AGREEMENT

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

1. Grant of Option. Optionor hereby grants to Optionee the exclusive option (“Option”) to purchase the Property, on the terms and conditions set forth in this Agreement.
2. Term of Option & Conditions. The term of this Option (the “Option Term”) shall commence on the date first set forth above and shall expire at 11:59 p.m. on date that is eighteen (18) months from the Effective Date. Optionee shall have the right to extend the Option Term two separate times, each for a period of six months (“Extension”). If Optionee fails to timely exercise its Option or if Optionee fails to satisfy the contingencies set forth in Section 4, below, the Option shall automatically expire and all rights of Optionee arising out of the Option shall immediately cease.
3. Due Diligence and Feasibility
  - (a) Feasibility Period. Optionee shall have until the date that is one-hundred eighty (180) days from the Effective Date (“Feasibility Period”) to complete its due diligence, feasibility analysis and other investigations and evaluations of the Property and to deliver to Optionor a written notice confirming its unconditional approval of such matters (an “Approval Notice”),

including: (i) the physical condition of the Property including the topography, size, dimensions and boundaries of the Property, (ii) the feasibility of any improvements planned by Optionee, including the cost and availability of permits and other approvals necessary to construct such improvements and the cost of such improvements, (iii) title matters, including without limitation real property taxes and assessments, including the cost and availability of any additional title insurance coverage or endorsements desired by Optionee; (iv) compliance with applicable laws, including zoning and use restrictions; (v) the cost and availability of financing; (vi) environmental matters, including, without limitation, the potential existence of hazardous materials on, in or near the Property; and (vii) all other matters relating to the Property. Optionee and its agents, representatives and consultants may enter the Property as reasonably necessary to make inspections and conduct studies related to the Property. As a condition to the right of entry set forth above, Optionee shall extend commercial liability insurance, including direct contractual and contingent liability coverage, with limits of not less than \$1,000,000 per occurrence for bodily injury, property damage and personal injury, and \$2,000,000 general policy aggregate, through its self-insurance program, covering Optionor.

If Optionee does not deliver the Approval Notice to Optionor prior to the expiration of the Feasibility Period, feasibility shall be deemed disapproved, and this Agreement is voidable at the sole and absolute discretion of Optionor. If, for any reason, Optionee determines in its sole discretion that it is not feasible for Optionee to purchase the Property, Optionee may terminate this Agreement by delivering a written notice of disapproval to Optionor prior to the expiration of the Feasibility Period.

(b) Due Diligence Documents. Within three (3) days of the Effective Date, Optionor shall deliver to Optionee (i) a title insurance commitment for the Property issued by First American Title Insurance Company together with legible copies of all recorded instruments affecting the Property and, (ii) all maps, permits, reports and plans relating to the Property in its possession, including, without limitation, surveys, environmental reports, physical inspection reports, soils reports, appraisals and market studies or reports (collectively, the “Due Diligence Documents”). Optionee acknowledges and agrees that the Due Diligence Documents are provided for information and disclosure purposes only and the Optionor makes no representation regarding their accuracy.

4. Contingencies. The exercise of the Option by Optionee shall be and is contingent upon the satisfaction of all of the following contingencies prior to expiration of the Option Term or such sooner date set forth herein:

(a) The option granted by Optionor to Sage Won Investment Corporation remains in effect and is exercised by Sage Won or its assignee simultaneously with the Option granted by this Agreement.

(b) Optionee and Chelsea Investment Corporation shall have received a binding commitment under the California Affordable Housing and Sustainable Communities Act for financing for the Project, including \$500,000 to be used to offset the cost of the purchase of the Property.

(c) Optionee shall have obtained binding commitments for construction and permanent financing of the Project in amounts and upon terms necessary to construct and operate the Project as determined by Optionee in its sole discretion.

The parties shall use their best efforts to satisfy the contingencies set forth in Sections 4(a) through (c) above by the expiration of the Option Term.

5. Option Price; Purchase Price.

(a) Within three (3) days of the Effective Date, Optionee shall pay One Dollar (\$1.00) (“Option Price”) in consideration of the Option, which amount shall be credited to the Purchase Price at the Close of Escrow (as defined below). The Option Price is earned when paid and is nonrefundable consideration for the Option.

(b) The purchase price for the Property under the Option shall be Seven Hundred, Fifty Thousand Dollars (\$750,000.00) (the “Purchase Price”).

6. Exercise of Option.

(a) Procedure for Exercise of the Option. Except as otherwise provided herein, upon satisfaction of the contingencies set forth in Section 4 above, the Option may be exercised by Optionee by delivering written notice to Optionor stating without condition or qualification, that the Option is exercised on or before the expiration of the Option Term.

(b) Failure of Contingency. If Optionee fails to satisfy any of the conditions set forth in Section 4 above on or before the expiration of the Option Term (or such sooner date set forth therein), or if Optionee fails to deliver the written notice to Optionor described in Section 6(a) above on or before the expiration of the Option Term, the Option and this Agreement shall be terminated and cancelled and the Deposit shall be returned to Optionee.

7. Completion of Sale.

(a) Timing of Sale. The sale of the Property shall be carried out through an escrow with Escrow Holder no later than ninety (90) days after Optionor's receipt of Optionee's written notice of exercise of the Option.

(b) Deliveries to Escrow Holder.

(i) Optionee's Deliveries. At least one (1) business day immediately preceding the close of escrow for the sale of the Property (“Close of Escrow”), unless an earlier date for delivery is required under this Agreement, Optionee shall deliver to Escrow Holder each of the items described below.

(A) Cash in an amount equal to the Purchase Price as set forth in Section 5(b) after subtracting the amount paid for the Option Price.

(B) The amounts required of Optionee under Section 7(d) and (e) below.

(C) Executed counterparts of any other documents the parties mutually direct to be recorded in the Office of the County Recorder for Riverside County ("Recorder's Office").

(ii) Optionor's Deliveries. At least one (1) business day immediately prior to the Closing of Escrow, unless an earlier date for delivery is required under this Agreement, Optionor shall deliver to Escrow Holder each of the items described below.

(A) A grant deed in form and substance acceptable to Optionee ("Grant Deed"), duly executed and acknowledged by Optionor, in recordable form, conveying to Optionee fee title to the Property.

(B) A transferor's certificate of non-foreign status in form and substance acceptable to Optionee properly executed by Optionor and a California FTB Form 593-C properly executed by Optionor.

(C) An assignment of the Work Product in a form mutually agreed upon between Optionee and Optionor.

(D) Executed counterparts of any other documents the parties mutually direct to be recorded in the Recorder's Office.

(c) Escrow Holder shall close escrow by (i) filing for record the Grant Deed and any other documents the parties mutually direct to be recorded in the Recorder's Office of the County Recorder for Riverside County, and (ii) delivering funds and documents as mutually directed by the parties when all funds and instruments required pursuant to Section 7(b) have been delivered to Escrow Holder.

(d) Prorations. Escrow Holder will prorate between the parties, to the Close of Escrow, County, City and special district (if any) real property taxes, special taxes and assessments for the Property, based on twelve 30-day months.

(e) Escrow Charges.

(i) Optionor Charges. Optionor shall pay (i) one-half of Escrow Holder's fee (ii) any documentary transfer tax imposed by the County of Riverside, (iii) Optionor's legal fees, (iv) the cost of Optionee's CLTA title insurance policy, and (v) Escrow Holder's usual seller's document-drafting and recording charges.

(ii) Optionee Charges. Optionee will pay (i) one-half of Escrow Holder's fee, (ii) if Optionor elects to be issued an ALTA extended coverage form of title insurance policy, the difference between the cost of a CLTA policy and an ALTA policy, (iii) Optionee's legal fees, and (iv) Escrow Holder's usual buyer's document-drafting and recording charges.

All other fees and charges not specifically provided for herein shall be paid by the parties according to the custom in Riverside County.

8. No Real Estate Commissions Payable. This Agreement and the sale of the Property were not brought about by any broker or finder. Each party agrees to defend, indemnify and hold harmless the other party from and against any liability or expense arising from any claim by any broker or finder for a commission pertaining to this transaction because of any act of such party or its representatives.

9. As-Is Purchase. Except as expressly provided in this Agreement, Optionee is purchasing the Property "AS IS", "WHERE IS" and "WITH ALL FAULTS", without any representations, warranties or guaranties of any nature, express or implied, oral or written, past, present or future, regarding the Property. Optionee agrees that it will not rely on any representations, warranties, promises, assurances or other statements relating to or affecting the Property, whether made verbally or in writing, and whether made before or after the Effective Date, and whether express or implied, made by Optionor, or any of its agents, representatives or consultants, which are not set forth in this Agreement.

10. Arbitration. Optionee and Optionor agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act.

11. General Conditions.

(a) Assignment. Optionee may assign its rights and obligations under this Agreement to SunLine Transit Authority, or to such other entity that will operate a transit hub on the Property, without the consent of, but with notice to, Optionor.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(e) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(f) Time Of Essence. Time is of the essence in this Agreement.

(g) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between Optionor and Optionee or between either or both of them and any third party.

(h) Further Assurances. Optionor and Optionee agree to execute all such instruments and documents and to take all actions which are reasonably necessary to carry out this Agreement or accomplish its intent.

(i) Incorporation of Prior Agreements. This Agreement contains all agreements of Optionor and Optionee with respect to any matter mentioned, or dealt with, herein. No prior agreement or understanding pertaining to any such matter shall be binding upon Optionor.

(j) Amendment. This Agreement may only be amended by written agreement signed by Optionor and Optionee.

(k) No Waiver. No waiver by Optionor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. Optionor's consent to or approval of any act shall not be deemed to render unnecessary obtaining such Optionor's consent to or approval of any subsequent act. No waiver by Optionor shall be effective unless it is in writing, executed on behalf of Optionor.

(l) Notices. Any notice to be given or other document to be delivered to any party or to Escrow Holder under this Agreement shall be delivered as follows, with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by electronic mail upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Any notice must be in writing, and notice and other documents shall be delivered as follows:

Optionor: R.B. Johnson Investments, LLC  
c/o Capital Partners Development Co. LLC  
2890 Kilgore Road, Suite 175  
Rancho Cordova, California 95670  
jbuckel@capitaldevco.com  
Attn: John Buckel

Optionee: The City of Coachella  
1515 Sixth Street  
Coachella, CA 92236  
bpattison@coachella.org

Attn: Bill Pattison, City Manager

Escrow Holder: First American Title Insurance Company  
4380 La Jolla Village Drive, # 200  
San Diego, CA 92122  
Attention: Sherri Keene  
Telephone No.: (858) 410-1305  
Email: skeene@firstam.com

Any party may from time to time, by written notice to the other, designate a different address, which shall be substituted for the one above specified.

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**IN WITNESS WHEREOF**, Optionor and Optionee have executed this Option Agreement as of the date last signed below.

DATE: 1/4/18

OPTIONOR:

**R.B. JOHNSON INVESTMENTS, LLC,**  
a California limited liability company

By:   
Rodney B. Johnson  
Its: Manager

DATE: 1/9/18

OPTIONEE:

**THE CITY OF COACHELLA**  
a political subdivision of the State of California

By:   
William Pattison  
City Manager

**Attachment A**

