



STAFF REPORT

MEETING DATE: November 29, 2023

PRESENTER: John Jansons, City Manager and Hilda Montoy, City Attorney

SUBJECT: Consideration of Exception 11 to Preliminary Title Report Relating to Purchase Sale Agreement for APN's 023-207-09, 023-20414SU, and 023-204-16SU (known Sebastian Property) for New Police Department

RECOMMENDATION: It is recommended that Council:

- i. Adopt proposed resolution approving First Amendment to Purchase Sale Agreement and Joint Escrow Instructions with Barcus Family Limited Partnership, a California Limited Partnership and S&K Moran Family Limited Partnership, a California Limited Partnership Relating to Exception 11 in Preliminary Title Report; or
- ii. Adopt the proposed resolution with additional requirements; or
- iii. Take alternative action to address Exception 11.

EXECUTIVE SUMMARY:

The Council approved a Purchase and Sale Agreement and Escrow regarding the purchase of property for the new Police Department. Escrow has opened and the Preliminary Title Report prepared by the Escrow Holder as it relates to the Property identifies an exception for various liens related to certain Mortgages and Security Agreements and Financing Statements by and between Kerman Telephone Co., a California corporation (tenant of the Annex and related party to Seller) and the United States of America (Rural Utility Service) and The Rural Telephone Bank (collectively "RUS"), as identified in Exception 11 to the PTR.

Seller's release efforts are still in progress with RUS and will not be complete by Close of Escrow. Seller wishes to close on the Property by November 30th. Discussions have been held as to how to accomplish that and protect the City's interests.

Options:

1. Adopt the Proposed Resolution which allows escrow to close on the Property with Exception 11 outstanding and pending release from RUS, provided that Seller continues diligent efforts to obtain said release and indemnifies the City for any liabilities related to the Exception arising in the meantime.
2. Adopt the Proposed Resolution with additional requirements such as monetary security or other security.

ATTACHMENTS:

- A. Resolution
- B. Attachment A to Resolution: First Amendment to Purchase and Sale Agreement and Escrow Instructions