



STAFF REPORT

Meeting Date: December 17, 2025
Author: John Walsh, City Administrator
Department: City Administrator's Office
Subject: Third Amendment to PSA with Arcadia Holdings
Type of Item: Real Property Agreement

Background: The City entered into a Purchase and Sale Agreement with Arcadia Paper Mills, LLC, later assigned to Arcadia Holdings, LLC, on August 30, 2024, for the purchase and sale of real property located at 1300 Kaster Road to operate the paper manufacturing facility. The terms and conditions of the purchase and sale have been updated in Amendment No. 1, entered into on February 19, 2025, and Amendment No. 2 entered into on September 23, 2025.

The Parties desire to amend the Purchase and Sale agreement as follows:

- Update the final legal descriptions
- Update the legal descriptions contained in the easements
- Update the Seller Financing Documents, which include the Promissory Note, Deed of Trust, and Environmental Indemnity.
- Incorporate the final agreement for the Operating Covenants and Agreements (also known as the Ancillary Agreement) for Arcadia's use of the City's water right, including the following, and more further described in the Agreement:
 - Use of the City's Effluent Clarifier System
 - Use of the Water Intake System
 - The obligation to continue to operate the Fire Suppression System for the benefit of the adjacent properties
 - A one-time right to transfer the use of the agreement to a new mill operator for a fee or to an affiliate operator without a fee
 - Any other subsequent purchaser of the property must obtain permission from the City to use the City's water right
- The form of bill of sale will be confirmed by closing.
- The transaction is required to close by December 30, 2025, and the Parties are intending to close the transaction as soon as possible in advance of that date.

Recommendation: It is recommended that City Council approve Amendment No. 3 to the Purchase and Sale Agreement with Arcadia Holdings, LLC.

Recommended Motion:

1. I make a motion to approve Amendment No. 3 to the Purchase and Sale Agreement with Arcadia Holdings, LLC, and direct the City Administrator to take all necessary steps, including making any minor updates to the documents as needed, to prepare for and close the transaction.