

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

CHIEF EXECUTIVE OFFICE

DEPT: \_\_\_\_\_

BOARD AGENDA # B-16

Urgent \_\_\_\_\_ Routine \_\_\_\_\_

AGENDA DATE September 18, 2001

CEO Concurs with Recommendation YES \_\_\_\_\_ NO \_\_\_\_\_

4/5 Vote Required YES \_\_\_\_\_ NO \_\_\_\_\_

(Information Attached)

SUBJECT: UPDATE ON LIBRARY FINANCING AND AUTHORIZATION TO PURCHASE THE REAL PROPERTY LOCATED AT 4385 SISK ROAD, SALIDA, CALIFORNIA (APN 135-42-22) FOR A REGIONAL LIBRARY AND RELATED ACTIONS.

STAFF  
RECOMMEN-  
DATIONS:

1. ACCEPT THE REPORT ON LIBRARY FINANCING.
2. AUTHORIZE THE COUNTY TO PURCHASE THE REAL PROPERTY LOCATED AT 4385 SISK ROAD, SALIDA, CA (APN 135-42-22).
3. AUTHORIZE THE CEO TO EXECUTE APPROPRIATE DOCUMENTS AND CLOSE ESCROW FOR THE COUNTY'S PURCHASE OF THE PROPERTY.
4. AUTHORIZE THE TREASURER TO PROVIDE FUNDS AS SET FORTH IN THE REAL PROPERTY PURCHASE AGREEMENT FOR THE COUNTY'S PURCHASE OF THE PROPERTY.

(Continued on Page 2)

FISCAL  
IMPACT:

Prior to proceeding with the implementation of the Library Master Facilities Plan, approved on July 10, 2001, the Board asked that the financing needs of the entire Library Master Plan be analyzed and presented for discussion.

The Master Plan envisions several new Regional Libraries as well as improvements in Branch Libraries. The Plan calls for new and improved facilities and services and staffing that will reflect the population-driven increase and demand for service.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2001-719

On motion of Supervisor Blom \_\_\_\_\_, Seconded by Supervisor Simon \_\_\_\_\_

and approved by the following vote,

Ayes: Supervisors: Blom, Simon, Caruso, and Chair Paul \_\_\_\_\_

Noes: Supervisors: None \_\_\_\_\_

Excused or Absent: Supervisors: Mayfield \_\_\_\_\_

Abstaining: Supervisor: None \_\_\_\_\_

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

MOTION:

*Christine Ferraro*

STAFF  
RECOMMEN  
DATIONS  
(Con.'t)

4. IN THE EVENT OF ANY ACTUAL FINANCING AND AS A MATTER OF PRELIMINARY WORK FOR FUTURE FACILITIES, APPROVE APPOINTMENT OF THE COUNTY'S EXISTING FINANCING TEAM, INCLUDING THE MUNICIPAL FINANCING CONSULTANT, SPECIAL AND TAX COUNSEL AND DISCLOSURE COUNSEL, AND CAUSE THE NECESSARY AGREEMENTS TO BE EXECUTED BY THE CHIEF EXECUTIVE OFFICER AND OTHER APPROPRIATE COUNTY OFFICIALS.
  
5. IN THE EVENT OF ANY ACTUAL FINANCING APPROVE A REIMBURSEMENT RESOLUTION RELATING TO EXPENDITURES FOR THE PROJECT. THIS RESOLUTION IS NEEDED TO COMPLY WITH THE INTERNAL REVENUE CODE WHICH WILL ALLOW THE COUNTY TO BE REIMBURSED FOR SUCH EXPENDITURES UPON CLOSING OF TAX EXEMPT CERTIFICATES OF PARTICIPATION (COPS) THAT MAY BE ISSUED.
  
6. IN THE EVENT OF ANY ACTUAL FINANCING AUTHORIZE THE CHIEF EXECUTIVE OFFICER AND OTHER APPROPRIATE COUNTY OFFICIALS TO CAUSE THE SOLICITATION AND RETENTION OF THE SERVICES OF OTHER PROFESSIONALS OR FIRMS AS ARE REQUIRED FOR THE SUCCESSFUL PREPARATION AND ISSUANCE OF THE COPS.

FISCAL  
IMPACT  
(Con.'t)

The operational and capital fiscal needs have been projected. Several options were considered to support the Master Plan, which include the utilization of public facilities fee collected for library growth and improvement, library and long - term financing strategies.

Financing options examined included:

- Paying cash for planned projects
- Financing planned projects
- Using cash to lower the amount financed
- Paying cash for the first project and financing the others

All of the financing options are similar in terms of their cost to the Library fund. An expansion effort , like the one proposed in the Library Master Plan will require the continuation of a dedicated source of library funding, like the sales tax, use of Library related Public Facility fees generated by new growth in our county and in future years an increase in the county general fund contribution to library services.

Regardless of the option examined, it was concluded that an outside funding source was necessary to support the construction program and on-going operation of the sites. Therefore, it is expected that General Fund support will be needed in future years to successfully implement the Library Master Plan.

The strategy to implement the long-range plan will fund projects by the use of cash reserves, public facility fees and long-term financing.

The Library Master Plan identifies three projects to be completed over the next five years:

- Salida: \$6,650,000 for purchase and renovation of an existing building and \$2,370,000 for shelving, furnishings and to start the collection (Fiscal Year 2001-2002)
- Turlock: \$6,000,000 for a new or remodeled building and \$2,500,000 for shelving, furnishings and to increase the collection (in or after Fiscal Year 2002-2003)
- Modesto (Main): \$7,700,000 for renovating the existing building and purchase of new and replacement fixed assets (in or after Fiscal Year 2004-2005)

For the Salida Library Project, based on a qualified appraisal, the total cost for the acquisition of the building and the property is \$4,200,000, plus the cost of the County's share of title insurance and closing costs. Renovation of the building structure (painting, lighting, carpets, etc.) will cost approximately \$30 per square foot. When added to the costs of designers and other consultants, the total cost of renovation will be approximately \$2,350,000. Since the Library will occupy approximately 89% of the building (the remainder of the building will be community space), the Library cost will be \$5,918,500 (89%) of the total \$6,650,000 being spent on the acquisition and renovation.

The expected one time cost for the Salida Library collection and shelving and equipment is approximately \$2,370,000 and the on-going staffing, maintenance and operating costs are estimated to be approximately \$1,250,000. This amount will vary with the final service implementation plan, which will be incorporated in to the annual operating expense of the Library system and budget funding decisions will be incorporated into the County budget process.

Funding for one-time costs of the Salida Library Project will come from a combination of resources, including Public Facility Fees, various Library funds, and external financing. The community Center portion of the project will be funded by \$750,000 in Tobacco Tax Settlement Funds, which was approved by the Board of Supervisors on June 12, 2001. It is expected that the Salida Regional Library will be open near the end of the 2001-2002 fiscal year. The first full year of operation will begin July 1, 2002.

In looking at the overall financing needs for the next 8 years for library services, it is recommended that the Salida Regional Library be funded from dedicated sources including the Library Public Facility Fees, Library funds and fund balance. The staffing and operating costs for the remainder of 2001-2002 will be approximately \$282,250, which can also be accommodated within existing funding.

In future years, starting in fiscal year 2004/2005 and beyond, an increase in general funds for the library system will be needed to implement the full Library Master Plan vision. The use of Public Facility Fees collected in the future will also offset costs of new collections for the Regional libraries and streamlining of library operations and improvements will result in an expanded system county-wide.

**DISCUSSION:**

**Background**

On July 10, 2001, the Board of Supervisors approved the Library Facilities Master Plan. As part of that action, the Board authorized the Chief Executive Officer to negotiate and execute a real property agreement for the purchase of property in Salida to house a regional library. During the presentation, questions were raised by the Board regarding the funding for this and future projects associated with the Library system.

The reality is that given the financial relationship between the State of California and the counties, local government continues to be forced to identify a dedicated source of funding (such as a sales tax, dedicated property tax or establishing a library district) for those non-mandated services that contribute to our quality of life, such as libraries. The following is a historical perspective of the funding issues associated with the Library system since the early 1980's.

During the early 1980's funding for the Stanislaus County Free Library was in a steady decline. In 1986, the total library budget was cut by 50% in response to budget problems created by State budget actions. In the 1993-1994 fiscal year, net County match was cut again by 29%, after the state reduced property taxes by more than \$23 million. Each budget cut was accompanied by a large reduction-in-force, and a consequent drop in open hours and services provided to the public.

At the time, Stanislaus County Free Library was one of two county libraries in the state that was not a district library, serving over 200,000 people. District libraries had been formed to receive their own dedicated share of property tax, as well as general fund monies.

The Stanislaus County Free Library, by contrast, was a County General Fund Supported Library, although since 1986 its revenues had been supplemented by contributions from the nine cities of Stanislaus County.

UPDATE ON LIBRARY FINANCING AND AUTHORIZATION TO PURCHASE THE REAL PROPERTY LOCATED AT 4385 SISK ROAD, SALIDA, CALIFORNIA (APN 135-42-22) FOR A REGIONAL LIBRARY AND RELATED ACTIONS.

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In the 1992-1993 budget year, the cities within Stanislaus County contributed a total of \$814,208, specific contributions were:

Ceres	\$ 2,310
Hughson	\$ 512
Modesto	\$ 666,224
Newman	\$ 5,709
Oakdale	\$ 44,635
Patterson	\$ 21,697
Riverbank	\$ 9,813
Turlock	\$ 50,563
Waterford	\$ 12,745
TOTAL	\$814,208

These city contributions which consisted of both cash and in-kind services, such as janitorial and building maintenance, reached a peak support of approximately \$900,000 in the 1994-1995 fiscal year out of a total library budget of \$3.1 million.

In 1992, a 10-year services and financial plan for the Stanislaus County Free Library, prepared by HBW Associates, Inc., was accepted by the Board of Supervisors. The report recommended different levels of library service, and pointed out that in 1992, the Library was at an "emergency" level of funding. The recommendation was to close all but three branch libraries to accommodate the level of funding available.

In March, 1993 the Board of Supervisors approved the formation of a Library Advisory Board to develop a plan for dedicated funding of the Stanislaus County Free Library, in an effort to avoid the drastic reductions recommended by HBW Associates. In February, 1994, the Library Advisory Board recommended that the library be reconstituted as a countywide library district. The laws of the State of California did not allow for setting up a library district that would be funded by a sales tax, rather than through property tax as recommended by the Library Advisory Board, so that recommendation was not further pursued.

At the same time, the Library Advisory Board also recommended that service restorations be paid for through a 1/8 cent sales tax increment. Since the 1/8 cent sales tax was not legally available, legislation was presented authorizing Stanislaus County, and only Stanislaus County (at the time) to use a 1/8 cent sales and use tax increment to fund its library system, if such an increment were approved by a 2/3 vote. The bill also included a sunset provision of five years, at which time the 1/8 cent increment would have to be put back on the ballot and re-authorized. This legislation was signed into law on July 20, 1994

In 1994, hour reductions had taken their toll on library services. The Modesto library was open only 27 hours per week; the seven smaller libraries (Denair,

Empire, Hughson, Keyes, Newman, Salida, and Waterford) were open only ten hours a week each, and no new books, magazines, or references were available. In the 1994-1995 budget, the County was contributing \$1,688,181 to the Library, and projected a reduction of its contribution to \$860,000 for fiscal year 1995-1996 with another severe reduction in service levels. The Cities contributions had also been eliminated by this period.

In 1995, the Board of Supervisors, faced with another severe reduction in Library services, acted to place the language that the legislators had approved in 1994, on the ballot to ask voters if they would support the 1/8 cent sales tax. The ordinance called for:

1. A one-eighth cent Sales, Use and Transaction Tax to be imposed county-wide, collected by the State and returned to the County to be used exclusively for funding Library programs and services.
2. Required, in accordance with State law, a two-thirds vote of all voters participating in the special election.
3. Required the tax to sunset after five years unless it was renewed by the voters.

The specific language that was placed on the ballot read:

“Shall the ordinance of the County of Stanislaus imposing a limited transactions and use tax of one-eighth of one percent for a period of not more than 5 years commencing on July 1, 1995, to be used exclusively for county-wide library programs and operations, which have suffered severe cutbacks and are at risk of complete elimination, be adopted”.

Once approved on March 7, 1995, the business plan detailed recommendations on the use of the revenues and included adding/expanding the following services (which have been implemented):

- Modesto library open seven days per week, for a total of 63 hours.
- Oakdale and Turlock libraries open 6 days per week, 50 and 58 hours respectively.
- Ceres, Patterson, Riverbank, and Waterford libraries open six days per week, for a total of 46 hours each.
- Denair, Empire, Hughson, Keyes, Newman, and Salida libraries open five days per week, including Saturdays, for a total of 30 hours each.
- Information and reference services available at all sites.
- Children services, including story times, class visits, reader’s advisory, and school visits to the library available at all sites.
- Teenage services available county-wide.

- Telephone reference available five days per week.
- Inter-library loan service.
- Home delivery service.
- Materials allocation of approximately \$2.00 per capita, with a percentage allotted to electronic information service.
- Dial-up access to electronic information sources.
- Administrative and promotional services.

At the time the business plan was approved, it was estimated that the sales tax would generate \$4.1 million the first year. In addition to these funds, which would be dedicated to restoring services, general fund monies in the amount of \$863,630 were approved to be added by the Board of Supervisors, in order to enhance services at branches in the unincorporated area, and in Hughson. It was anticipated that the general fund amount would also off-set internal service costs, contractual obligations, and improve access to up-to-date information, including electronic access.

These, along with some other miscellaneous funding sources, have provided a steady stream of funding to the Library system and have allowed us to enhance services to our growing community.

The original tax was due to sunset in 2000, so in June, 1999, the Board returned to the voters to ask if they would like to continue the tax in order to maintain and add to the current level of library service. The specific ballot language read:

“Shall an ordinance, identical to the one previously adopted by the voters in 1995, authorizing a limited transaction and use tax of one-eighth of one percent for a period not more than five years, commencing on July 1, 2000 exclusively for maintaining county-wide library hours, purchase of books, maintain story-times, children and teen programs be enacted so that the current tax can be extended until June 30, 2005”.

The voters again approved this measure on June 8, 1999. This renewal was again for a 5-year period and will sunset on June 30, 2005, unless again approved by the voters.

The financial situation for library services is not unique to Stanislaus County. Of the fifty-six counties reporting, thirty-two have pursued a dedicated source of funding for the majority of their library budget.

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FUND TYPE (Major Source of Revenue)	NUMBER OF COUNTIES
Sales Tax	5 (Fresno, Nevada, Santa Cruz, Solano and Stanislaus)
County General Fund	23
Property Tax	27
City General Fund	3

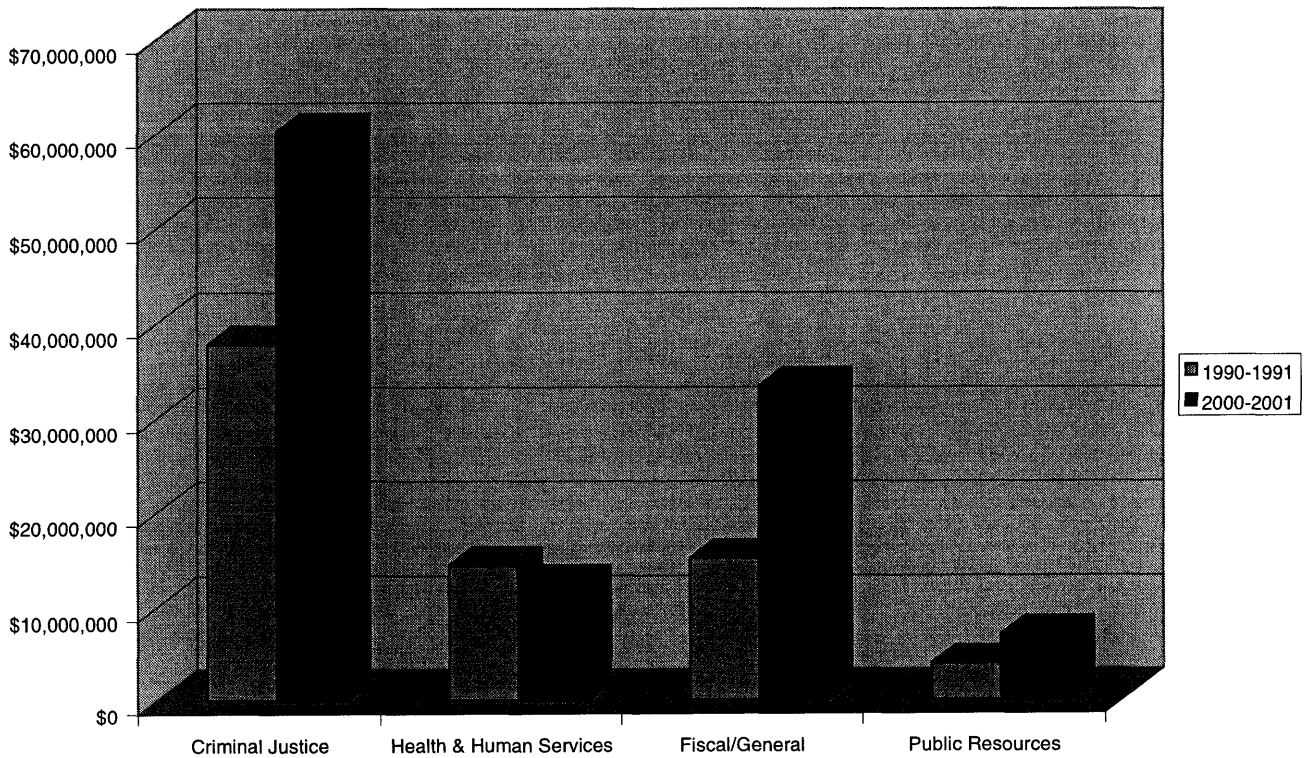
Of the five sales tax counties, the percent of funding sources breaks out to the following:

COUNTY	SOURCE	PERCENT
Fresno	Tax Started April 1, 1995, Expires March 30, 2006	
	1/8 Cent Sales Tax	60%
	Grant Funds	2%
	County General Fund	38%
Nevada	Tax Started October, 1998, Expires September, 2003	
	1/8 Cent Sales Tax	45%
	County General Fund	30%
	Other Funding	25%
Santa Cruz	Tax started in April 1997, Expires 2013	
	1/4 Cent Sales Tax	63%
	Member Contribution (cities and various organizations)	34%
	Other Funding	3%
Solano	Tax started October 1998, Expires 2014	
	1/8 Cent Sales Tax	23%
	Dedicated Property Tax	28%
	Contracts/Grants/Fees/Fines	49%
Stanislaus	Tax started 1995, Renewed 2000, Expires 2005	
	1/8 Cent Sales Tax	77%
	General Fund	10%
	Other Funding	13%



Since the passage of the 1/8 cent sales tax measure, Stanislaus County has placed a strong emphasis on ensuring a safe and healthy community. This is illustrated in the following chart which reflects the increase and continued reliance on general fund dollars to maintain our criminal justice system and other vital services over the same period.

**Net County Cost Comparison, FY 1990-1991 vs. 2000-2001**



The two areas of significant growth during this period were in the Criminal Justice and Fiscal/General categories. The increases in the Criminal Justice/Public Protection area during this period include the addition of the new Public Safety Center and a new Sheriff's Operations Center. The Board's commitment to Public Safety has resulted in the addition of a number of law enforcement officers. The number of deputy sheriff positions in both the operations and custody areas in 1991 was 201 while it is 363 today. It is recognized that a portion of this growth is attributable to the city contracts for law enforcement services as well as additional grant funded positions, however a significant portion of this growth is the result of an increased General Fund commitment. This includes funding community policing efforts and authorizing sufficient staff to coincide with the growth in custodial facilities.

Significant General Fund resources have also been committed to expanded juvenile justice programs and facilities. Most notably this has been the expansion of Juvenile Hall to include the new, forty bed Special Needs Housing Unit that is currently under construction. In both cases, significant discretionary revenue has been and will continue to be required to staff and operate the additional juvenile hall beds.

The need to expand juvenile justice programs has partially been the direct result of increased gang related crime. Proposition 172 growth was utilized to establish a gang unit in the District Attorney's Office.

In many of the criminal justice programs, local discretionary revenue has been utilized to address increased demands on the system resulting from significant issues such as the Three Strikes law, and loss of grants and other State and Federal funding.

The Fiscal/General Services consist of the Assessor, Auditor/Controller, Board of Supervisors, Chief Executive Office, Clerk/Recorder, County Counsel, Library, Management Information Services and Treasurer. The growth in this area allowed the County to fund a number of one-time and ongoing issues. In 1997, the County purchased new Financial Management and Human Resources Systems, and has incurred additional costs associated with the acquisition of new technology as a result of the installation of the software, and maintenance and upgrade costs of the system. The County was also able to apply \$1 million toward a recreational/sports complex, increase debt service for the new capital acquisitions, make improvements to county facilities and the airport, and fund increased Jail Medical costs. In addition, funding for the County Center III demolition and the move to 10<sup>th</sup> Street Place are included in this 10-year growth. Finally, the growth has allowed base-level services in the Fiscal/General Services area to grow by adding positions to serve the growing population and programs to better serve its customers

While there is always hope that local government fiscal reform will occur that would end the necessity for this special tax, there continues to be no reliable, dedicated source of funding in sight for library services. As a non-mandated service, the Library will continue to be at risk due to continuing cost shifts between the County and the State, (if the tax funding source is lost), until a reliable, dedicated source of funding can be identified.

Library Master Plan: On July 10, 2001, the Board of Supervisors approved Stanislaus County's Library Facilities Master Plan, which identifies a significant need for additional public library facilities to serve Stanislaus County. At the present time, the County's Library system provides 101,757 square feet of space to serve an estimated population of 459,025, or an average of 0.22 square feet per person. Accepted national guidelines for public libraries suggest between 0.50 and 0.70 square feet per person, and it is estimated that between 230,000 and 320,000 square feet of need exists for the current county population. Some of the existing library facilities are in need of rehabilitation or renovation. According to the California Department of Finance, Stanislaus County is projected to experience a 2.20% annual rate of growth over the next twenty years further increasing the need for public library facilities and services.

The significant need for additional library facilities requires the adoption of a library development strategy. A plan was developed to create regional libraries to serve the greatest concentrations of the County's population and to support the existing Branch Library system. Remodeling or expansion will systematically upgrade the existing branch libraries as specific opportunities for funding or development are presented in each community.

Larger regional libraries could be developed to support a greater service population at a higher level of service. For example, by developing fewer facilities it may be possible to develop facilities with more specialized space, larger collections, more staffing resources, more hours of service and greater services than could be practical in numerous branch libraries. After much discussion, regional libraries of approximately 25,000 square feet each were considered to be an optimum size for maximum service and staffing efficiency. Larger facilities tend to require greater staffing for monitoring, security and administrative purposes. Smaller facilities tend to limit flexibility in programmed use of the space, services and collections size. The program space within the regional libraries could be specific to each site and may differ substantially from facility to facility. In any case, each regional library should be developed to be easily modified to add or change programs (literacy, reading groups, children's programs, computer labs, research space, retail/bookshop spaces, etc.) periodically.

In the Library Master Plan, regional libraries are proposed in the Northwest, Northeast, Central, South and South Central areas of Stanislaus County. The existing Modesto Main Library would be renovated to serve as the Central Regional

Library facility. The West County area would be served by enhanced branch library facilities.

The Northwest County (Salida) Regional Library. The Salida area is identified as having the greatest unmet need for Library services in Stanislaus County, due in part to the substantial growth of the Northwest area of the county along the Highway 99 corridor. An existing branch library of 850 square feet, with a maximum occupancy of 10 persons, in a leased facility in Salida is inadequate to meet present needs. The Library Facilities Master Plan recommends development of a regional library in the Salida area as the highest priority.

This action recommends initiating implementation of the Library Facilities Master plan by creating the Salida Regional Library.

An existing retail furniture showroom facility on Sisk Road adjacent to Broadway Avenue in Salida has become available and presents a unique opportunity to create the County's first regional library facility envisioned in the Library Master Plan. The 56,146 square foot facility is appropriately sized to permit development of a 25,000 square foot library space, and a 5,000 square foot community center meeting facility. Additionally, the Salida facility could accommodate the Library Technical Services unit, presently located at the Modesto Main Library. (Technical Services provides book processing, shipping, receiving, mending and other "behind-the-scenes" support of the entire Library branch network.) Relocation of the Technical Services unit out of the Modesto Main Library will free up approximately 15,000 square feet of space for expanded public services at the Main Library at 1500 I Street in Modesto. The Salida "community center" space is intended to provide multiple purpose assembly facilities for the general public. No such facilities currently exist in the Salida area of the County.

A community meeting was held on June 30, 2001 to review the County's overall service and facility needs in the Salida area. The public and members of the Salida Municipal Advisory Council (MAC) in attendance at the community forum were overwhelmingly supportive of this project.

Proposed Purchase of Property at 4385 Sisk Road. The property has been listed for lease for some time. Because a unique window of opportunity exists, staff is seeking authorization to proceed with closing escrow for the purchase of the property.

The appraised value of the Property is approximately \$4,200,000. After extensive meetings with the owners, tenants, subtenants, and their respective brokers, staff has arrived at a tentative agreement with the owners, tenant and subtenant to purchase the building for \$4,200,000 (plus an estimated \$100,000 in inspections and closing costs). The purchase would include a release of the leasehold interests, and Breuners would lease back the property for 90 days after close of escrow.

Real Property Purchase Agreement The basic terms of the agreement are as follows:

Location of Property: 4385 Sisk Road, Salida, CA (APN 135-42-22).

Purchase Price: Four Million Two Hundred Thousand Dollars (\$4,200,000), payable of follows:

- \$2,425,000 payable to the Millers, who own the property
- \$1,900,000 payable to R3, for the assignment of the leasehold interest to the County
- \$125,000 payable to the County from Hoffman Koos, the subtenant, for the release of its subleasehold interest and the right to lease back the property for 90 days.

The net payable by the County for the acquisition of the Property is \$4,200,000 plus ½ of title insurance, escrow and closing costs.

Improvements on the Property: Approximately 56,146 square foot building; 224 parking stalls; landscaping; irrigation system.

General Terms of Sale: The property will be sold in an “as is” condition. The County has conducted an inspection of the condition of the property, and found it to be in fair condition. The roof and HVAC system are in need of repair and/or replacement within the next few years. A Phase I environmental inspection of the property did not disclose the presence of underground hazardous storage tanks. The facilities manager for Breuners reports that improvements in the parking lot drainage system were made within the past two years; that minor roof repairs were made to the southeast corner of the building last year; that there have been no significant problems to the electrical service; and that repairs and maintenance issues have been fairly routine in nature.

Condition of Title: The property will be conveyed to the County free and clear of all disapproved liens and encumbrances, except the two easements described below. Title insurance will be provided to the County.

Close of Escrow: After close of Escrow, the County will have all rights, title and interest in and to the Property, provided, however, Breuners will lease back the property for 90 days.

Environmental Review. The proposed purchase of real property is categorically exempt from the requirement for the preparation of environmental documents, pursuant to Section 15301 of the CEQA Guidelines. This exemption applies because the County intends to use the existing facilities, and no significant expansion in use is currently planned. A Notice of Exemption was filed with the

County Recorder on July 10, 2001.

General Plan Consistency. Government Code Section 65402 requires that the Planning Commission make a finding of General Plan consistency. The general plan designation is “commercial” and the property is zoned C-2. At its July 5, 2001 regular meeting, the Stanislaus County Planning Commission made a finding that use of the Salida site as a library is consistent with the County’s General Plan.

The location of the proposed Salida Library at 4385 Sisk Road places the site in an area zoned for commercial uses. Locating a library in a commercial zone is consistent with the County’s General Plan and the Salida Community Plan. It should also be noted that the Salida Community Plan, adopted by the Board of Supervisors in August of 2000, designates 2,650 acres in the Salida/99 corridor as Planned Industrial. The number of acres set aside for industrial development in Salida is a substantial amount for not only Salida, but for the whole of Stanislaus County. City of Modesto and County staffs are in the process of drafting a business park development plan for the area. The proposed Salida Library site is not in the area designated as planned Industrial.

Easements. The property will be acquired subject to two easements. The property to the south (currently owned by the Miller Brothers) needs a limited access easement from the south side of the property. The easement will provide limited access across the Breuner’s property. The easement will allow only 25 cars to exit/enter per day. The property owners to the south will also install a key card system at their expense, and maintain the key card system at their expense. The easement owners will indemnify the County from all loss or damage on County property, and name the County as an additional insured on their policy of insurance.

The second easement provides parking rights over 17 spaces to the owners of two parcels to the south of the Breuner’s property. The County will be paid a one-time fee of \$11.00 per square foot for granting the easement. The owners of the easement will indemnify the County from all loss or damage on County property, and name the County as an additional insured on their policy of insurance

Improvements to the Property. Interior building modifications estimated at \$2,350,000 will be required prior to occupancy. Staff will return to the Board for further recommendations relating to the necessary improvements to the Property in late July or early August and for final consideration of the approval of the proposed purchase. Library funding changes will be incorporated in the County budget process.

POLICY  
ISSUE:

This action is consistent with the Board’s Goals of a Safe and Health Community and Multi-Jurisdictional Cooperation.

**STAFFING**

**IMPACTS:**

To provide services and to meet customer needs in the buildings listed in the Library Facilities Master Plan, each project will be considered individually in terms of staffing requirements and available resources. Annually, as part of the budget process, Library staffing requirements will be evaluated and analyzed along with other County staffing needs.

Staffing at the Salida Regional Library will begin increasing as the date of the opening nears, scheduled for May of 2002. At full operations, existing technical staff will be transferred from the Modesto Library and approximately 22 new positions will be needed to fully operate the regional library operations. Clearly, expansion of this service will result in increased operational costs, to be funded in part by the 1/8 cent sales tax that supports our library system and in part by increased grant and County funding. As part of the annual budget process the increased costs of operating an expanded library system will be considered.

RESOLUTION NO. 2001-719

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF STANISLAUS REGARDING ITS INTENTION  
TO ISSUE TAX-EXEMPT OBLIGATIONS AND RETAINING  
BOND COUNSEL

WHEREAS, the Board of Supervisors of the County of Stanislaus (the "Issuer") desires to finance the costs of constructing and acquiring certain facilities as described in Exhibit A attached hereto and incorporated herein (the "Facilities");

WHEREAS, the Issuer intends to finance the construction and acquisition of the Facilities or portions of the Facilities with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, the Issuer expects to incur certain expenditures with respect to the Facilities from available monies of the Issuer prior to the issuance of the Obligations; and

WHEREAS, the Issuer desires to reimburse itself for the cost of any expenditures made with respect to the Facilities from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Stanislaus that:

Section 1. The Issuer hereby states its intention and reasonably expects to reimburse itself with proceeds of the Obligations for the costs incurred by it with respect to the Facilities prior to the issuance of the Obligations.

Section 2. The reasonably expected maximum principal amount of the Obligations is \$10,000,000.

Section 3. This resolution is being adopted not later than 60 days after the date (the "Expenditures Date or Dates") that the Issuer expended monies for the costs of the Facilities to be reimbursed from proceeds of the Obligations.

Section 4. Except as described in the following sentence, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Facilities are placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the expected issue date of the Obligations will be within three years.

Section 5. Proceeds of the Obligations to be used to reimburse for Facilities costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next



succeeding one year period on any tax-exempt obligation of the Issuer (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

Section 6. This resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligations are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the Facilities costs. This Board of Supervisors is not aware of the previous adoption of official intents by the Issuer that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than Facilities acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Facilities for which the preliminary expenditures were incurred.

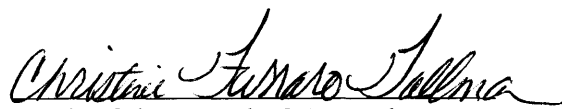
Section 8. This resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

Section 9. This Resolution shall take effect from and after its date of adoption.

ADOPTED, SIGNED AND APPROVED this 18th day of September, 2001.

  
Chairman of the Board of Supervisors

ATTEST:

  
Clerk of the Board of Supervisors  
County of Stanislaus, California

STATE OF CALIFORNIA    )  
                                  ) ss.  
COUNTY OF STANISLAUS    )

I, Christine Ferraro Tallman, Clerk to the Board of Supervisors of Stanislaus County, California, hereby certify that the above and foregoing Resolution was duly and regularly adopted by the said Board at a regular meeting thereof held on the 18th day of September, 2001, and that it was so adopted by the following vote of said Board:

AYES:           SUPERVISORS: Blom, Simon, Caruso and Chair Paul

NOES:           SUPERVISORS: None

ABSENT:        SUPERVISORS: Mayfield

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of September, 2001.




Christine Ferraro Tallman  
Clerk of the Board of Supervisors of  
Stanislaus County, California

STATE OF CALIFORNIA    )  
  ) ss.  
COUNTY OF STANISLAUS        )

I, Christine Ferraro Tallman, Clerk to the Board of Supervisors of the County of Stanislaus, do hereby certify that the above and foregoing Resolution is a full, true and correct copy of Resolution No. 2001-719 of said Board, and that the same has not been amended or repealed as of the date hereof.

DATED: September 18, 2001.

  
Clerk of the Board of Supervisors of Stanislaus  
County, California

(SEAL)



## EXHIBIT A

### DESCRIPTION OF FACILITIES

#### **Salida Regional Library and Community Center**

This project will convert an existing 56,000 square foot, single-level furniture store into a full-service regional library and community meeting facility. The regional library will occupy approximately 25,000 square feet and include program areas for children, young adults, general circulation, research, computer laboratory and other spaces. The Library's Technical Services division will be relocated from the Modesto Main Library into 15000 square feet at the Salida facility to support materials purchasing, preparation and distribution throughout the County's Library network. Another 5,000 square feet will be devoted to much needed community meeting and conference space and support facilities. The existing facility will be easily adapted to provide multi-purpose access and program opportunities at the surrounding landscaped patios as well as throughout the building's voluminous interior. The well landscaped site also contains 224 surface parking spaces.

MICHAEL A. REIN  
TERESA VIG REIN

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**REIN & REIN**  
A PROFESSIONAL LAW CORPORATION

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(209)544-3688  
FAX: (209)544-3695

715 14<sup>TH</sup> STREET  
MODESTO, CA 95354

**TRANSMITTAL MEMO**

November 14, 2001

TO: Christine Ferraro Tallman  
Clerk of the Board of Supervisors  
1010 10<sup>th</sup> Street, 6<sup>th</sup> Floor  
Modesto, CA 95354

FROM: Terry Rein

RE: Purchase of Property – Breuners Building

ENCLOSURES: Copy of September 18, 2001 Agenda Item  
Original Purchase and Sale Agreement  
Original Sublease Termination Agreement  
Original Lease  
Original Lease Purchase Agreement  
Original Assignment of Lease and Sublease  
Original Easement Agreement  
Original Parking Easement Agreement  
Original Quitclaim of Easements  
Copy Closing Statement  
Original Grant Deed

REMARKS: On September 18, 2001, the Board of Supervisors authorized the Chief Executive Officer to purchase the Breuners property located at 4835 Sisk Road, Salida, California. Please maintain these documents in your permanent records.

cc: Reagan M. Wilson (copy)  
Patricia Hill Thomas (copy)

## PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into as of September 18, 2001, by and between County of Stanislaus, a political subdivision of the State of California, hereinafter referred to as "County"; and Miller Brothers Partnership, a California General Partnership, comprised of A.B. Miller & Sons, a California Limited Partnership, Hubert and Mildred Miller Family Limited Partnership, a California Limited Partnership, and Harold O. Miller and Sons, a California Limited Partnership, hereinafter referred to as "Miller".

### 1. RECITALS.

- 1.1. Miller owns certain real property located at 4835 Sisk Road, Salida, in the County of Stanislaus, State of California (A.P.N. 135-42-22), as more particularly described in Exhibit "A" attached hereto, including a building approximately 56,146 square feet in size, a paved parking area, landscaping, an irrigation system and all other improvements; and any oil, gas, hydrocarbon and mineral interests relating to the Property; and all entitlements and interest related thereto (the "Property").
- 1.2. Miller, as lessor, entered into a lease with John Breuner Company, a California Corporation, as lessee, as reflected in that Memorandum of Lease recorded on February 8, 1980 in Volume 3287 at page 243, as Instrument No. 49881 of the Official Records of Stanislaus County ("Lease"). The lessee's interest under the Lease was transferred to JBC Realty, a California Corporation ("JBC").
- 1.3. JBC, as sublessor, and Arnold's Acquisition Corp., a Delaware Corporation ("Arnold's"), as sublessee, entered into a sublease dated December 9, 1994, as reflected in that Memorandum of Sublease recorded on January 10, 1995 as Instrument No. 95-001849-00 of the Official Records of Stanislaus County, as amended by First Amendment thereto dated December 19, 1996 (as so amended, the "Sublease"). JBC assigned its lessee's interest in the Lease and its sublessor's interest in the Sublease to R3 Realty Corporation, a Colorado Corporation ("R3"). Arnold's assigned its sublessee interest in the Sublease to Huffman Koos Inc. ("HK").
- 1.4. County has the authority and power to initiate a condemnation action to acquire Miller's Property for a public use. However, in lieu of proceeding with formal condemnation proceedings, County has entered into negotiations with the owners, tenants and subtenants to acquire their respective interests in the Property, including (i) the fee interest of Miller; (ii) the interest of R3 in the leasehold estate in the Property; and (iii) the interest of HK in the subleasehold estate in the Property.

2. PURCHASE AND SALE. Miller agrees to sell the Property to County, and County agrees to purchase the Property from Miller, on the terms and subject to the conditions set forth herein.
3. PURCHASE PRICE. The purchase price for the Property is as follows:
  - 3.1. Two Million Four Hundred Twenty-Five Thousand Dollars (\$2,425,000.00) payable to Miller from County as full consideration for the purchase of the Property;
  - 3.2. One Million Nine Hundred Thousand Dollars (\$1,900,000.00) payable to R3 from County as full consideration for the release of R3's leasehold and subleasehold interests in accordance with the Lease Purchase Agreement set forth in Exhibit "B" attached hereto;
  - 3.3. One Hundred Twenty-Five Thousand Dollars (\$125,000.00) payable to County from HK as full consideration for the release of its subleasehold interest and as full consideration for the right to lease back the Property for a period not to exceed ninety (90) days from the date of Close of Escrow (as defined below), in accordance with the terms of the Sublease Termination Agreement and Lease set forth in Exhibit "C" attached hereto; and
  - 3.4. The entire consideration set forth in this section shall be payable in cash, through escrow, at Close of Escrow. The purchase price set forth in this section is full and complete compensation for the purchase of the Property and the release of all fee title, leasehold and subleasehold interests. Title to the Property, free and clear of all liens, leasehold and subleasehold interests and encumbrances, shall vest in County upon Close of Escrow.
4. REVIEW AND INSPECTION OF THE PROPERTY.
  - 4.1. During the period commencing on the date of full execution of this Agreement and terminating on September 18, 2001 ("Approval Date"), County shall undertake at County's expense an inspection of the Property, a review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, hazardous substances, if any, a review and investigation of zoning, maps, permits, reports, engineering data, regulations, ordinances, compliance with the California Environmental Quality Act and laws affecting the Property, and an analysis of the feasibility of County owning and/or operating governmental offices on the Property.
  - 4.2. If County disapproves of the results of the inspection and review, County may elect in its sole discretion to terminate this Agreement without cost or liability to either party by giving Miller written notification prior to the expiration of the Approval Date.

5. CONDITIONS TO COUNTY'S PERFORMANCE. County's obligation to perform under this Agreement is subject to the following conditions ("County's Conditions"):
- 5.1. Condition of Property. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon County's approval of the condition of the Property as provided in Section 4 on or before the Approval Date.
  - 5.2. Release of R3's and HK's Interests. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon R3 and HK executing on or before the Approval Date the Agreements attached hereto as Exhibits "B" and "C", respectively, and complying with all terms and conditions therein, including HK's obligation to deposit into Escrow One Hundred Twenty-Five Thousand Dollars (\$125,000.00) on or before the Approval Date, and to pay County said funds upon Close of Escrow.
  - 5.3. Financing or Funding. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon County's obtaining financing or obtaining funding in the amount of at least Four Million Two Hundred Thousand Dollars (\$4,200,000.00) on terms and conditions acceptable to County in County's sole discretion.
  - 5.4. General Plan Consistency. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon a finding of general plan consistency by the Stanislaus County Planning Commission in accordance with Government Code Section 65402 on or before the Approval Date.
  - 5.5. Approval of Board of Supervisors. The Close of Escrow and the obligation of County to purchase the Property hereunder is expressly contingent upon the approval of this Agreement by the Stanislaus County Board of Supervisors after the date of this Agreement and on or before the Approval Date.
  - 5.6. Warranties. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon Miller's representations and warranties in this Agreement being correct as of the date of this Agreement and as of the Close of Escrow.
  - 5.7. Performance of Obligations. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon Miller's performance of all obligations under this Agreement, and upon the performance of R3's and HK's obligations under the Agreements set forth as Exhibits "B" and "C", respectively.
  - 5.8. Issuance of Policy of Title Insurance. The Close of Escrow and the obligation of County to purchase the Property hereunder is contingent upon Escrow Agent (defined below) being prepared to issue a CLTA owner's policy of title insurance



at the Close of Escrow, subject only to exceptions approved by County, as set forth in Section 9 below.

- 5.9. Termination of the Agreement. If any of County's Conditions do not occur or are not fulfilled to the complete satisfaction of County, in its sole discretion, on or before the Approval Date, this Agreement shall lapse and terminate without liability to either County or Miller, unless County's Conditions are waived in writing by County or the Approval Date is extended by the mutual agreement of County's Chief Executive Officer and Miller.
6. CONDITIONS TO MILLER'S PERFORMANCE. Miller's obligation to perform under this Agreement is subject to the following conditions ("Miller's Conditions"):
  - 6.1. Performance of Obligations. The Close of Escrow and the obligation of Miller to sell the Property hereunder is contingent upon County's performance of all obligations under this Agreement, and upon the performance of R3's and HK's obligations under the Agreements set forth as Exhibits "B" and "C", respectively.
  - 6.2. Grant of Easement. The Close of Escrow and the obligation of Miller to sell the Property hereunder is contingent upon the execution of the Easement Agreement attached hereto as Exhibit "D" and the recordation thereof immediately after the grant deed to County is recorded.
  - 6.3. Warranties. The Close of Escrow and the obligation of Miller to sell the Property hereunder is contingent upon County's representations and warranties in this Agreement being correct as of the date of this Agreement and as of the Close of Escrow.
  - 6.4. Termination of the Agreement. If any of Miller's Conditions do not occur or are not fulfilled on or before the Approval Date, this Agreement shall lapse and terminate without liability to either County or Miller, unless Miller's Conditions are waived in writing by Miller or the Approval Date is extended by the mutual agreement of County's Chief Executive Officer and Miller.
7. ACCESS. Access to the Property before the Approval Date shall be given to County and its agents during normal business hours and upon reasonable notice to HK.
8. ESCROW. By this Agreement, County and Miller shall establish an escrow ("Escrow") with First American Title Company ("Escrow Holder"), 1506 "H" Street, Modesto, CA 95354, (209)529-5000, Attn: JoAnn Von Savoy. Escrow Holder shall prepare its standard instructions and conditions for acceptance of escrow, but only to the extent that the instructions and standard conditions impose no additional obligations or liabilities on the parties, and further subject to the terms and conditions in this Agreement, the latter to control in case of conflict.

9. TITLE.

- 9.1. Escrow Holder has issued a preliminary report dated as of April 30, 2001. County hereby approves only the following exceptions to title as set forth on the April 30, 2001 preliminary title report.: Exception #'s 3, 6, 7, 8, 10, and 15 "Approved Exceptions". All other exceptions to title are expressly disapproved, except as otherwise approved in writing by the County's Chief Executive Officer.
- 9.2. Escrow Holder shall order a Uniform Commercial Code Financing Statement search covering any aspect of the Property and Miller's, R3's or HK's names, and shall obtain a release of same to the extent such Financing Statements affect the Property or any interests therein.

10. CLOSE OF ESCROW.

- 10.1. Miller's Items to be Delivered to Escrow. Prior to Close of Escrow, Miller shall deliver or cause to be delivered through Escrow the following agreements or documents for recordation and/or delivery to County at Close of Escrow:
- 10.1.1. A grant deed duly executed in recordable form, conveying fee simple title to the Property to County free and clear of all liens and encumbrances except the exceptions approved by County in Section 9.1 above;
- 10.1.2. The Agreement set forth in Exhibit "C" executed by HK, together with One Hundred Twenty-Five Thousand Dollars (\$125,000.00) from HK to be paid or credited to County;
- 10.1.3. Easement Agreement as set forth in Exhibit "D" executed in recordable form by Miller;
- 10.1.4. Miller's executed certificate of non-foreign status (FIRPTA Affidavit);
- 10.1.5. Escrow instructions and such additional documents or instruments as may be reasonably necessary to close Escrow pursuant to this Agreement;
- 10.1.6. Such other reasonable documents and instructions as may be required to consummate the purchase and sale of the Property and all other transactions contemplated by this Agreement; and
- 10.1.7. Miller's share of Escrow fees and other costs as provided herein.
- 10.2. County's Items to be Delivered to Escrow. Prior to the Close of Escrow or at such other times specifically set forth herein, County shall deposit the following into the Escrow:

- 10.2.1. A copy of the Board of Supervisor's agenda item approving this transaction;
  - 10.2.2. Two Million Four Hundred Twenty-Five Thousand Dollars (\$2,425,000.00) to be paid to Miller upon Close of Escrow;
  - 10.2.3. One Million Nine Hundred Thousand Dollars (\$1,900,000.00) to be paid to R3 upon Close of Escrow;
  - 10.2.4. The Agreement set forth in Exhibit "B" executed by R3 and HK;
  - 10.2.5. Easement Agreement as set forth in Exhibit "D" executed by County;
  - 10.2.6. Escrow instructions in form and substance consistent with this Agreement and such additional cash, documents or instruments as may be reasonably necessary to close Escrow pursuant to this Agreement;
  - 10.2.7. Such other reasonable documents and instructions as may be required to consummate the purchase and sale of the Property and all other transactions contemplated by this Agreement; and
  - 10.2.8. County's share of escrow fees and other costs as provided herein.
- 10.3. Condition of Title; Title Insurance. At Close of Escrow, Escrow Holder shall issue Escrow Holder's CLTA owner's policy of title insurance, on its usual form, for the protection of County, showing title to the Property vested in County with liability not less than Four Million Two Hundred Thousand Dollars (\$4,200,000.00), showing only the Approved Exceptions set forth in paragraph 9.1 of this Agreement.
  - 10.4. Delivery of Deed. Prior to the Close of Escrow, Miller shall execute, cause to be acknowledged, and deliver to Escrow Holder a good and sufficient grant deed conveying title to the Property to Miller.
  - 10.5. Prorations. Escrow Holder shall prorate all real property taxes and assessments on the Property as of the date of Close of Escrow. Such proration shall be made based upon the taxing or assessing authority's fiscal year. Such prorations shall be based upon the current assessed value of the Property determined prior to the Close of Escrow.
  - 10.6. Costs of Escrow. All costs of Escrow, title insurance, recording charges (if any), transfer taxes (if any), and other charges shall be allocated one-half (1/2) to County and one-half (1/2) to Miller.
  - 10.7. Close of Escrow. The date for Close of Escrow shall be within five (5) business days of the Approval Date, as defined in paragraph 4 of this Agreement, unless

such date is extended by mutual agreement of County's Chief Executive Officer and Miller. At Close of Escrow, if all County's Conditions and Miller's Conditions to Close of Escrow have been or can then be satisfied, Escrow Holder shall:

- 10.7.1. Record all documents required to clear title to the Property; and file all documents necessary with the Secretary of State or otherwise which are required to clear title to the Property and all interests therein;
- 10.7.2. Record the grant deed conveying title to the Property from Miller to County;
- 10.7.3. Record the documents releasing and terminating R3's and HK's interests in the Property (Exhibits "B" and "C" respectively);
- 10.7.4. Pay Miller Two Million Four Hundred Twenty-Five Thousand Dollars (\$2,425,000.00) from funds deposited by County, as full consideration for the purchase of the Property;
- 10.7.5. Pay R3 One Million Nine Hundred Thousand Dollars (\$1,900,000.00) from funds deposited by County as full consideration for the release of R3's leasehold and subleasehold interests in accordance with Exhibit "B";
- 10.7.6. Pay or credit County One Hundred Twenty-Five Thousand Dollars (\$125,000.00) from funds deposited by HK as consideration for the release of its sublease interest and as full consideration for the right to lease back the Property for a period not to exceed ninety (90) days from the date of Close of Escrow in accordance with Exhibit "C";
- 10.7.7. Deliver to Miller Escrow Holder's statement and other documents appropriate for delivery out of Escrow; and
- 10.7.8. Deliver to County the policy of title insurance, the recorded grant deed, Escrow Holder's statement, and other documents appropriate for delivery out of Escrow.

## 11. DAMAGE AND DESTRUCTION.

- 11.1. In the event of damage or destruction of the Property or any portion of the Property prior to the Close of Escrow in an amount not exceeding One Hundred Thousand Dollars (\$100,000.00), County and Miller shall consummate this Agreement without change in the Purchase Price, provided that Miller shall assign to County Miller's rights under any insurance policy covering the damage or destruction and shall indemnify and reimburse County with respect to any costs incurred by County in repairing or restoring the Property that are not paid by the insurance up to the amount of One Hundred Thousand Dollars (\$100,000.00)

- 11.2. In the event of damage or destruction of the Property or any portion of the Property prior to the Close of Escrow in an amount in excess of One Hundred Thousand Dollars (\$100,000.00), County may elect either to terminate this Agreement upon written notice to Miller and Escrow Agent or to consummate this Agreement, in which event Miller shall assign to County Miller's rights under any insurance policy covering the damage or destruction, but with a cap of One Hundred Thousand Dollars (\$100,000.00) on the indemnity and reimbursement obligation, as provided in the subsection above. If County elects to terminate this Agreement pursuant to this paragraph, neither party shall have any further obligations under this Agreement except as otherwise provided in this Agreement.
12. NO REPRESENTATION. No representation, warranty or recommendation is made by County, its agents, employees or attorneys regarding the tax consequences of the transactions contemplated herein.
13. MILLER'S WARRANTIES. Miller hereby represents and warrants to County the following as of the date of this Agreement and at the Close of Escrow:
- 13.1. Authority. Miller has taken all necessary action to authorize the execution, delivery and performance of this Agreement and except as expressly stated herein, no approvals or consents of any persons other than Miller are required in connection with the execution and performance of this Agreement.
- 13.2. Capacity. Miller is the legal owner of the Property, and has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement and under all documents executed by Miller which are to be delivered to County at or before Close of Escrow, and except as expressly stated herein, no approvals or consents of any persons other than Miller are required in connection with the execution and performance of this Agreement.
- 13.3. No Violation Of Miller's Existing Obligations; No Violation of Court Decree. Miller represents and warrants that Miller's execution of this Agreement and of documents which are to be delivered to County at or before Close of Escrow and consummation of the transactions contemplated by this Agreement will not result in or constitute a default, breach or violation of Miller's existing obligations, instruments, agreements or any order or decree of any court or other governmental authority to which Miller is a party or to which the Property is subject.
- 13.4. No Third Party Leases or Contracts. Miller represents and warrants that there are and shall be no third party leases or contracts relating to the Property in effect as of the Close of Escrow, and County shall not be obligated under any existing contracts relating to the Property after Close of Escrow. Miller further represents and warrants that Miller is not in default under any existing contract or lease relating to the Property.

- 13.5. No Encumbrance. On or after April 30, 2001 (the date of Escrow Holder's preliminary title report), Miller represents and warrants that Miller has not encumbered or altered title, or permitted any encumbrance to be placed on the Property, except with County's prior written consent.
- 13.6. Condition of the Property. To the best of Miller's knowledge, there are no natural or artificial conditions upon or about the Property or any part of the Property that could result in a material and adverse change in the condition of the Property.
- 13.7. No Pending or Threatened Actions. To the best of Miller's knowledge, there are no pending or threatened actions, suits, proceedings, judgments, orders or decrees against the Property (including condemnation proceedings) or against Miller which would materially adversely affect the Property, the use thereof, or Miller's ability to perform under the terms of this Agreement.
- 13.8. Real Estate Commission. Miller warrants and represents that County will have no responsibility for payment of any and all brokers, agents, finders or other persons in connection with the transactions contemplated by this Agreement, to whom any commission or other compensation may be payable.
- 13.9. Hazardous Materials.
- 13.9.1. No Regulatory Proceedings. To the best of Miller's knowledge, there are no regulatory proceedings by any federal, state, or local governmental agency with respect to the Property concerning any Hazardous Materials. "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now defined or regulated in any manner by any federal, state or local law based upon, directly or indirectly, such properties or effects.
- 13.9.2. No Underground Tanks. To the best of Miller's knowledge, no underground storage tanks containing Hazardous Materials are located on or under the Property.
- 13.10. Indemnification. Miller shall notify County of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Close of Escrow. Miller shall defend, indemnify and hold County harmless from and

against any and all claims arising out of or resulting from a breach of Miller's warranties.

- 13.11. Survival. The provisions of this section shall survive the termination of this Agreement or the delivery of the grant deed and transfer of title.
- 13.12. No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by Miller in connection with this Agreement, including but not limited to the physical condition of the Property, whether the Property complies with applicable laws or is appropriate for County's intended use.
14. COUNTY'S WARRANTIES. County hereby represents and warrants to Miller the following:
  - 14.1. Capacity. County has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement. No approvals or consents of any persons other than County are required in connection with the execution and performance of this Agreement, except as expressly provided herein.
  - 14.2. No Violation of County's Organizational Instruments. County's execution of this Agreement and of documents which are to be delivered to Miller at Close of Escrow and consummation of the transactions contemplated by this Agreement will not result in or constitute a default, breach or violation of County's organizational instruments.
  - 14.3. No Pending or Threatened Actions. To the best of the actual knowledge of Reagan Wilson, County's Chief Executive Officer, there are no pending or threatened actions, suits, proceedings, judgments, orders or decrees against County which would materially adversely affect County's ability to perform under the terms of this Agreement.
  - 14.4. Indemnification. County hereby agrees to defend, indemnify and hold Miller harmless from and against any and all claims arising out of or resulting from a breach of County's warranties.
  - 14.5. Survival. The provisions of this section shall survive the termination of this Agreement or the delivery of the grant deed and transfer of title.
  - 14.6. No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by County in connection with this Agreement.

15. GENERAL PROVISIONS.

15.1. Amendments. This Agreement sets forth the entire agreement of the parties hereto. This Agreement may only be modified or amended by an agreement in writing executed by Miller and County's Chief Executive Officer.

15.2. Binding on Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

15.3. Notice. Any notice required or convenient to be given under this Agreement shall be in writing. Notices may be given by personal delivery (effective upon delivery), Federal Express or other express delivery service (effective one (1) day after mailing), or by mailing by United States first class mail, postage prepaid (effective two (2) days after mailing), addressed to the parties as follows:

*County:* County of Stanislaus  
Attn: Reagan M. Wilson  
Chief Executive Officer  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, CA 95354

*Miller:* Harold O. Miller  
4243 East Hatch Road  
Hughson, CA 95326

*Escrow Holder:* First American Title Company  
Attn: JoAnn Von Savoy  
1506 "H" Street  
Modesto, CA 95354

15.4. Governing Law. This Agreement shall be construed, interpreted and applied in accordance with the laws of the State of California.

15.5. Approvals and Consents. Except as otherwise provided herein to the contrary, neither party shall unreasonably withhold or delay any approvals or consents required to be given or otherwise provided for herein.

15.6. Further Documents. Each party agrees to cooperate in providing information and documents to the other party, and shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to complete the transactions contemplated in this Agreement and to carry out the intent and purpose of this Agreement.



- 15.7. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.
- 15.8. Waivers. A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.
- 15.9. Counterparts. This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.
- 15.10. Section Headings. The section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the parties. The section headings, captions and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and provisions of this Agreement.
- 15.11. Time of the Essence. Time is of the essence in this Agreement.
- 15.12. Construction. Each Party has reviewed and revised this Agreement and agrees that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or Exhibits hereto. This Agreement shall be construed neither for nor against either party, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.
- 15.13. Exhibits Incorporated By Reference. Each Exhibit referenced in this Agreement is incorporated by that reference into, and becomes an integral part of, this Agreement just as if such Exhibits were set out in full in the text or body of this Agreement. The following Exhibits are attached to this Agreement:

Exhibit A - Description of Property

Exhibit B - Lease Purchase Agreement

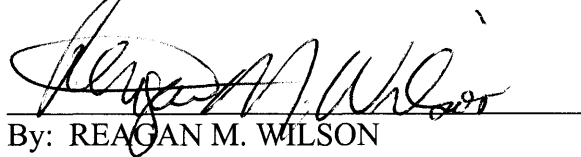
Exhibit C - Sublease Termination Agreement

Exhibit D - Easement

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

County:

**County of Stanislaus, a political  
subdivision of the State of California**



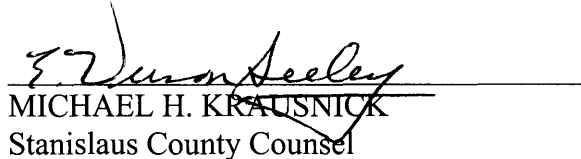
By: REAGAN M. WILSON  
Chief Executive Officer

Miller:

**Miller Brothers Partnership, a California  
General Partnership**

BY: A.B. MILLER & SONS, A  
CALIFORNIA LIMITED PARTNERSHIP


Approved as to form:



MICHAEL H. KRAUSNICK  
Stanislaus County Counsel



By: Aaron B. Miller, General Partner

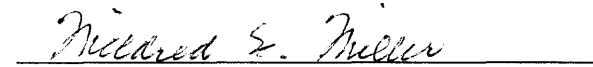


By: Rachel L. Miller, General Partner

HUBERT AND MILDRED MILLER  
FAMILY LIMITED PARTNERSHIP, A  
CALIFORNIA LIMITED PARTNERSHIP



By: Hubert E. Miller, General Partner

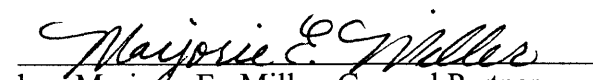


By: Mildred E. Miller, General Partner

HAROLD O. MILLER & SONS, A  
CALIFORNIA LIMITED PARTNERSHIP



By: Harold O. Miller, General Partner



by: Marjorie E. Miller, General Partner

EXHIBIT "A"

## DESCRIPTION OF PROPERTY

All that certain real property in the County of Stanislaus, State of California, described as follows:

PARCEL 2 AS SHOWN UPON THAT CERTAIN PARCEL MAP FILED DECEMBER 4, 1978 IN VOLUME 28 OF PARCEL MAPS, AT PAGE 31, STANISLAUS COUNTY RECORDS, BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 3, TOWNSHIP 3 SOUTH, RANGE 8 EAST, MOUNT DIABLO BASE AND MERIDIAN.

A.P.N. 135-42-22

Commonly known as: 4835 Sisk Road, Salida, California

**EXHIBIT "B"**

## SUBLEASE TERMINATION AGREEMENT

This SUBLEASE TERMINATION AGREEMENT ("Agreement") is made and entered into to be effective as of 9-27-01, 2001 (the "Effective Date") by and between R3 REALTY CORPORATION, a Colorado corporation ("R3") and HUFFMAN KOOS, INC., a Delaware corporation ("HK").

### RECITALS

A. R3's predecessor in interest, as lessee, entered into a lease dated February 5, 1980 (the "Lease") with Aaron B. Miller, Rachel L. Miller, Hubert E. Miller, Harold O. Miller, Mildred E. Miller, and Marjorie E. Miller (collectively, "Miller") for the land and improvements located at 4835 Sisk Road, Modesto, California (the "Property").

B. R3's predecessor in interest, as sublessor, entered into a store lease for the Property dated December 9, 1994 with HK's predecessor in interest as Sublessee. The Property was expanded pursuant to that certain First Amendment to Lease between R3 and HK's predecessor dated December 19, 1996 (as so amended, the "Sublease").

C. The County of Stanislaus (the "County") has expressed an interest in acquiring the Property, including (i) the fee interest of Miller, (ii) the leasehold estate of R3 under the Leases and the Sublease free and clear of the Lease and Sublease, and (iii) the interest of HK in its subleasehold estate in the Property.

D. In connection with the County's acquisition of the Property and all of the interests therein, R3 and HK are willing to terminate the Sublease on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

1. Termination. Subject to satisfaction of the conditions set forth herein, the Sublease will be deemed terminated on the Termination Date. As used herein the term "Termination Date" means the date on which the last of the following events occurs: (a) close of escrow in connection with the purchase by the County of the Miller's interest in the Property; (b) payment by County of the sum of One Million Nine Hundred Thousand Dollars (\$1,900,000.00) in connection with the purchase of R3's interest in the Property; and (c) execution of a new lease between HK and the County for a term of ninety (90) days from close of escrow in the form attached hereto as Exhibit 1 to this Agreement. In the event the Termination Date does not occur on or before September 30, 2001, this Agreement will terminate and the Sublease will remain in effect.
2. Security Deposit. R3 and HK confirm that R3 and R3's predecessor in interest previously waived the requirement of a security deposit, and, notwithstanding the provision of Section 40A of the Lease, no security deposit was delivered by HK or its predecessors or is held by R3 or R3's predecessor.

3. Release and Waiver.

3.1 R3's Release and Waiver.

a. Effective on the Termination Date, R3 agrees as follows. In consideration of HK's agreement to terminate the Sublease, R3 on behalf of itself and its predecessors in interest, including without limitation, JBC Realty, a California corporation, and their successors and assigns, members, directors, officers, and all parties claiming any interest in the Lease or the leasehold estate of HK owned by R3 (the "R3 Parties"), hereby fully releases and discharges HK and its predecessors in interest, including without limitation, Arnold's Acquisition Corporation, a Delaware corporation, and their successors, guarantors and assigns, members, officers, directors and all parties with an interest in HK's leasehold estate (the "HK Parties") from, and relinquishes all rights, claims and actions (collectively "Claims") that R3 and the R3 Parties have at the Effective Date or may have at the Termination Date against HK and the HK Parties arising out of the Sublease and HK's use and occupancy of the Property; provided, however, that the forgoing release and waiver will apply only to those matters of which R3 or the R3 Parties have knowledge (which for purposes hereof, means that either Richard Squires or Dennis Wong have actual current knowledge without duty of inquiry or investigation) as of the Effective Date. R3 acknowledges and agrees that it has no knowledge of any Claims by R3 as of the Effective Date.

b. HK expressly excludes from the operation of this release claims covered by insurance required to be carried by HK pursuant to Section 13(B) of the Lease and the sums payable as Rent between the Effective Date of this Agreement and the Termination Date.

3.2 HK's Release and Waiver.

a. Effective on the Termination Date, HK agrees as follows. In consideration of R3's agreement to terminate the Lease, HK on behalf of itself and the HK Parties hereby fully releases and discharges R3 and the R3 Parties from, and relinquishes all rights, claims and actions (collectively "HK Claims") that HK and the HK Parties have at the Effective Date or may have at the Termination Date against R3 and the R3 Parties arising out of R3's obligations under the Sublease; provided, however, that the forgoing release and waiver will apply only to those matters of which HK or the HK Parties have knowledge (which for purposes hereof, means that David Rubin, Senior Vice President of HK, has actual current knowledge without duty of inquiry or investigation) as of the Effective Date. HK acknowledges and agrees that it has no knowledge of any HK Claims as of the Effective Date.

4. Indemnity.

4.1 HK's Indemnity. HK will indemnify and defend R3 and the R3 Parties against all costs and expenses, liabilities, obligations, damages, penalties, claims or actions (including without limitation, any and all sums paid for investigation costs, settlement of claims, consultant and expert fees, reasonable attorneys' fees and costs and expenses of litigation and appeal from the first notice that any claim or demand has been or may be made) resulting from claims by HK or any HK Parties pertaining to the termination of the Sublease pursuant to this Agreement. If any action or proceeding is brought against R3 or the R3 Parties by reason of any such matter,

HK upon written notice from R3, will defend such action or proceeding at HK's expense by counsel reasonably satisfactory to R3. In no event will HK be liable for matters arising from any act or omission of R3 or the R3's Parties.

4.2 R3's Indemnity. R3 will indemnify and defend HK and the HK Parties against all costs and expenses, liabilities, obligations, damages, penalties, claims, or actions (including without limitation, any and all sums paid for investigation costs, settlement of claims, consultant and expert fees, reasonable attorneys' fees and costs and expenses of litigation and appeal from the first notice that any claim or demand has been or may be made) resulting from any claim by R3 or the R3 Parties pertaining to the termination of the Sublease pursuant to this Agreement, including without limitation any claim related thereto by Miller. If any action or proceeding is brought against HK or the HK Parties by reason of any such matter, R3 upon written notice from HK, will defend such action or proceeding at R3's expense by counsel reasonably satisfactory to HK. In no event will R3 be liable hereunder for matters arising from any act or omission of HK or the HK Parties.

5. Warranties and Representations.

5.1 R3's Warranties and Representations. R3 warrants and represents as follows:

(i) R3 is the sole owner of the leasehold estate in the Property represented by the Lease and has full power and authority to execute this Agreement on behalf of R3 and the R3 Parties;

(ii) R3 is duly organized and validly existing under the laws of the State of Colorado; and

(iii) There are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against R3 that would preclude or interfere with the termination of the Sublease pursuant to this Agreement.

5.2 HK's Warranties and Representations. HK represents and warrants as follows:

(i) HK is the sole owner of the leasehold estate of HK represented by the Sublease and has full power and authority on behalf of HK and the HK Parties to execute this Termination Agreement;

(ii) HK is duly organized and validly existing under the laws of the State of Delaware; and

(iii) There are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against HK which preclude or interfere with the termination of this Agreement pursuant hereto.

6. Prorations. All monetary payments, including but not limited to rent and all other sums due under the Sublease required to be paid by HK to R3 will be equitably prorated by R3 as of the Termination Date in accordance with the terms of the Sublease. R3 will forward to HK within thirty (30) days following the Termination Date a statement setting forth such prorations



and any amounts owing from HK to R3 or from R3 to HK and the party owing such amounts will, within thirty (30) days thereafter, pay such amounts to the other party. In the event such sums are not billed within the aforesaid thirty (30) day period, all claims related thereto are deemed waived.

7. Miscellaneous.

7.1 Severability. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement will not be affected by the determination, and each term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning that renders it valid.

7.2 Choice of Law. This Agreement is governed by the laws of the State of California.

7.3 Waiver. No provision of this Agreement will be deemed waived except by written consent of the party against whom the waiver is claimed. No breach of any provision of this Agreement will be deemed waived except by written consent of the party against whom the waiver is claimed. Any waiver of the breach of any provision of this Agreement will not be deemed to be a waiver of any other provision of this Agreement. Acceptance by either party of any performance by the other after the time the performance is due will not constitute a waiver by the other party of the breach or default of any provision of this Agreement, unless expressly agreed in writing by the other party.

7.4 Notices. If any notice or demand is required or permitted to be given or served by either party to this Agreement to or on the other, the notice or demand must be given or served in writing and served personally or forwarded by certified or registered mail, return receipt requested, or by guaranteed overnight mail delivery service, addressed to the addresses of the parties specified below the signature lines of this Agreement. The date of service of a notice served by mail will be the date of receipt or refusal of receipt. Either party may change its address by written notice to the other.

7.5 Attorneys' Fees. In the event that any party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or as a consequence of any breach by any other party hereto of such party's obligations hereunder, the prevailing party in such action or proceeding will be entitled to have all of its attorneys' fees and out-of-pocket expenditures paid by the losing party. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any lawsuit on this Agreement will be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. The parties' covenants set forth in this section will survive and be enforceable following termination of this Agreement.

7.6 Binding Effect. This Agreement will be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement may be executed in several counterparts each of which shall be deemed an original, but all of which together will constitute one and the same agreement. This Agreement contains the entire agreement of the parties hereto with respect to the termination of the Sublease, and any and all oral and written agreements and statements of the parties hereto with respect to the subject matter of this Agreement will be merged into this Agreement. No provision of this Agreement may be amended except by an agreement in writing.


IN WITNESS WHEREOF, this Agreement has been entered into by the parties to be effective as of the Effective Date.

R3

HK

R3 REALTY CORPORATION, a Colorado corporation

HUFFMAN KOOS, INC., a Delaware corporation

By:   
Richard Squires  
Its: President

By: \_\_\_\_\_  
David Rubin  
Its: Senior Vice President

Address:

Address:

4229 Cochran Chapel  
Dallas, Texas 75209  
Attn: Richard Squires  
Date of Execution: August , 2001

2501 Oregon Parkway  
Lancaster, PA 17601  
Attn: Chief Executive Officer  
Date of Execution: August , 2001

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IN WITNESS WHEREOF, this Agreement has been entered into by the parties to be effective as of the Effective Date.

R3

R3 REALTY CORPORATION, a Colorado corporation

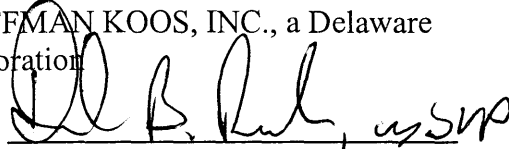
By: \_\_\_\_\_  
Richard Squires  
Its: President

Address:

4229 Cochran Chapel  
Dallas, Texas 75209  
Attn: Richard Squires  
Date of Execution: August , 2001

HK

HUFFMAN KOOS, INC., a Delaware corporation

By:   
David Rubin  
Its: Senior Vice President

Address:

2501 Oregon Parkway  
Lancaster, PA 17601  
Attn: Chief Executive Officer  
Date of Execution: August , 2001

## LEASE

This LEASE (the "Lease") is made and entered into to be effective as of the 18<sup>th</sup> day of September, 2001 (the "Effective Date") by and between HUFFMAN KOOS, INC., a Delaware corporation, dba BREUNERS ("HK") and the COUNTY OF STANISLAUS (the "County").

## RECITALS

- A. County is in the process of acquiring the land and improvements located at 4835 Sisk Road, Modesto, California (the "Property"). County intends to acquire the Property free and clear of all leasehold interests in the Property.
- B. HK is currently a Sublessee in the Property under a lease between HK and R3 Realty Corporation, a Colorado corporation.
- C. Upon close of escrow in connection with the purchase of the Property, all leasehold estates will be terminated, including the sublease between HK and R3 Realty Corporation.
- D. County and HK desire to provide for the short term occupancy of the Property by HK in order to conduct retail activities including a Going-Out-Of-Business sale and related auctions of remaining inventory prior to delivery of possession of the Property to County.

NOW, THEREFORE, the parties hereto agree as follows:

1. Property. County hereby leases to HK, and HK hereby leases from County, the Property, for the term, at the rental and upon all of the terms, covenants and conditions set forth in this Lease.
2. Term. The term of this Lease is for a maximum of ninety (90) days from close of escrow in connection with the purchase of the Property.
3. Rent. Upon close of escrow for the County's purchase of the Property, HK will pay to County the sum of One Hundred Twenty-five Thousand Dollars (\$125,000.00) as and for rent for the term of this Lease.
4. Utilities. HK will pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Property, together with any taxes on any such utilities and services during the term of this Lease.
5. Taxes. HK will pay to the public authorities charged with the collection on or before the last day on which payment may be made without penalty or interest, as additional rent, all taxes, permit, inspection and license fees, and other public charges of whatever nature that are assessed against the Property (including but not limited to, taxes on, or which will be measured by, any rents or rental income, and taxes on real or personal property) subsequent to the commencement of the term, and all installments of assessments that are due

during the term. All real estate taxes levied on the Property, if any, will be paid by HK for only the period of time HK occupies the Property.

6. Use. HK will utilize the Property for the purpose of conducting business as a Breuners Furniture Store and for no other purpose. HK will be entitled to conduct a "Going Out Of Business" sale and related auctions of remaining inventory on the Property.

7. Condition of the Property. HK acknowledges that of the date of this Lease, HK has inspected the Property and all improvements on the Property and that the Property and improvements are in good order, repair and condition.

8. Repairs and Maintenance. HK agrees, at HK's own expense, to keep and maintain the Property, including without limitation, the sidewalks, the parking lot, and the landscaping that are part of the Property, in good condition and repair, and to deliver to County physical possession of the Property at the end of the term, or any mutual extension of the term, in good condition and repair, reasonable wear and tear and damage by casualty excepted.

9. Failure to Maintain. If at any time during the lease term, HK fails to maintain the Property or make any repairs or replacements as required by this Lease, County may, but will not be required to, enter the Property upon ten (10) days prior written notice and perform the maintenance or make the repairs or replacements for the account of HK. Any reasonable out-of-pocket sums expended by County in so doing, together with interest at ten percent (10%) per annum, will be deemed additional rent and will be due from HK within thirty (30) days of receipt of a bill therefor accompanied by reasonable supporting data.

10. Waiver, HK waives the provisions of Civil Code sections 1941 and 1942 and any other law that would require County to maintain the Property in a tenantable condition or would provide HK with the right to make repairs and deduct the cost of those repairs from the rent.

11. Alterations. HK will have no right to make alterations to the Property without the prior written approval of County which consent will not be unreasonably withheld or delayed and will be deemed granted at the expiration of ten (10) days from receipt of a written request therefor unless denied in writing, stating with specificity the reasons for denial.

12. Entry. HK will permit County or County's agents, representatives or employees to enter the Property at all reasonable times and upon reasonable notice provided that such entry does not interfere with the conduct of HK's business in the Property.

13. Assignment and Sublease. HK will not assign this Lease or sublet the Property during the term of this Lease without the prior written consent of County which may be withheld in its sole and absolute discretion. County expressly recognizes that licensed departments for vendors of rugs, floor coverings, and other specialty home furnishings products in the normal course of business and sold under the name of "Breuners" are not considered subleases.

14. Warranties.

4.1 HK's Warranties. Notwithstanding any language to the contrary contained herein, and in light of HK already being in possession of the Property, HK hereby represents and warrants to County the following as of the date of this Lease and at the close of escrow of County's purchase of the Property:

a. Capacity. HK has taken all necessary action to authorize the execution, delivery and performance of this Lease and except as expressly stated herein, no approvals or consents of any persons other than HK are required in connection with the execution and performance of this Lease.

b. Capacity. HK has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease and under all documents executed by HK which are to be delivered to County at or before close of escrow of County's purchase of the Property, and except as expressly stated herein, no approvals or consents of any persons other than HK are required in connection with the execution and performance of this Lease.

c. No Violation Of HK's Existing Obligations; No Violation Court Decree. HK represents and warrants that HK's execution of this Lease and of documents which are to be delivered to County at or before close of escrow of County's purchase of the Property will not result in or constitute a default, breach or violation of HK's existing obligations, instruments, agreements or any order or decree of any court or other governmental authority to which HK is not in default under any existing contract or lease relating to the Property.

d. No Third Party Leases or Contracts. HK represents and warrants that there are and shall be no third party leases, subleases or contracts with HK or its predecessors in interest as a party relating to occupancy of the Property in effect as of close of escrow of County's purchase of the Property that will not be terminated upon expiration or earlier termination of this Lease, and County shall not be obligated under any existing contracts with HK or its predecessors in interest as a party relating to the Property after close of said escrow. HK further represents and warrants that HK or its predecessors in interest are not in default under any existing contract or lease relating to the Property.

e. Condition of the Property. To the best of HK's knowledge, there are no natural or artificial conditions upon or about the Property or any part of the Property that could result in a material and adverse change in the condition of the Property.

f. No Pending or Threatened Actions. To the best of HK's knowledge, there are no pending or threatened actions, suits, proceedings, judgments, orders or decrees against the Property (including condemnation proceedings) or against HK which would materially adversely affect the Property, the use thereof, or HK's ability to perform under the terms of this Lease.

g. Hazardous Materials.

(i) No Regulatory Proceedings. To the best of HK's knowledge, there are no regulatory proceedings by any federal, state, or local governmental agency with respect to the Property concerning any Hazardous Materials. "Hazardous Materials" means any chemical, substance material, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now defined or regulated in any manner by any federal, state or local law based upon, directly, or indirectly, such properties or effects.

(ii) No Underground Tanks. To the best of HK's knowledge, no underground storage tanks containing Hazardous Materials are located on or under the Property.

h. Indemnification. HK shall notify County of any facts that would cause any of the representations contained in this Lease to be untrue as of the close of escrow of County's purchase of the Property. HK shall defend indemnify and hold County harmless from and against any and all claims arising out of or resulting from a breach of HK's warranties.

i. Survival. The provisions of this section shall survive the termination of this Lease or the delivery of the grant deed and transfer of title in connection with County's purchase of the Property.

j. No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by HK in connection with this Lease, including but not limited to the physical condition of the Property, whether the Property complies with applicable laws or is appropriate for County's intended use.

k. Definition. As used herein "the best of HK's knowledge" means the personal knowledge of David Rubin, Senior Vice President of HK.

14.2 County's Warranties. County hereby represents and warrants to HK the following:

a. Capacity. County has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease. No approvals or consents of any persons other than County are required in connection with the execution and performance of this Lease, except as expressly provided herein.

b. No Violation of County's Organizational Instruments.

County's execution of this Lease and of documents which are to be delivered to HK at close of escrow in connection with County's purchase of the Property will not result in or constitute a default, breach or violation of County's organizational instruments.

c. No Pending or Threatened Actions. To the best of the actual knowledge of Reagan Wilson, County's Chief Executive Officer, there are no pending or threatened actions, suits, proceedings, judgments, orders or decrees against County which would materially adversely affect County's ability to perform under the terms of this Lease.

d. Indemnification. County hereby agrees to defend, indemnify and hold HK harmless from and against any and all claims arising out of or resulting from a breach of County's warranties.

e. Survival. The provisions of this section shall survive the termination of the Lease or the delivery of the grant deed and transfer of title in connection with County's purchase of the Property.

f. No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by County in connection with this Lease.

15. Expiration. Upon expiration of the term of this Lease, HK will remove all trade fixtures, personal property, equipment and inventory (collectively "Personalty") located in the Property, except HK's signs located on the exterior of the building that County desires to use and leave the Property in a "broom clean" condition. In no event will HK be obligated to leave anything on the Property identifying the name "Breuners".

16. Indemnity; Insurance.

a. Except for County's negligence or willful misconduct, HK will indemnify, protect, defend and hold harmless County from and against any and all claims, damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of or in connection with the use and occupancy of the Property by HK and its predecessors in interest including without limitation, Arnold's Acquisition Corporation, a Delaware corporation, and their guarantors, members, officers, directors, agents and employees (HK Parties"). If any action or proceeding is brought against County by reason of any of the foregoing matters, HK will, upon receipt of written notice, defend the same at HK's expense by counsel reasonably satisfactory to County, and County will cooperate with HK in such defense. County need not have first paid any such claim in order to be defended or indemnified. This provision will survive the termination of the Lease as to all matters occurring in or upon the Property prior to the expiration of the Lease.

b. HK will keep in force during the term of this Lease the following policies of insurance:

(i) a Commercial General Liability Policy of Insurance, protecting HK and County against claims for bodily injury, personal injury and property damage



based upon or arising out of the use and occupancy or maintenance of the Property on an occurrence basis providing single limit coverage in an amount not less than Three Million Dollars (\$3,000,000.00) per occurrence; and

(ii) a policy of fire and extended coverage insurance in the name of the County in an amount equal to the full replacement value of (\$4,200,000.00) (including damage pursuant to Section 16e of this Lease) providing coverage against all risks of direct physical loss or damage (except the perils of flood and/or earthquake).

c. Insurance required herein must be issued by companies duly licensed and admitted to transact business in the State of California and maintaining during the policy term a "General Policyholder's Rating" of at least A+X, as set forth in the most current issue of "Best's Insurance Guide". Certificates of coverage will be provided to HK by County prior to commencement of the term of the Lease. All such policies will name the County and its officers, officials and employees as an additional insured by separate endorsement.

d. Without affecting any other rights or remedies, County and HK each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss or damage to the Property or its contents arising out of or incident to perils actually covered by insurance. The effect of such releases and waivers is not limited by the amount of insurance carried or required to be carried or by any deductibles applicable thereto. The parties agree to have their respective insurance carriers waive any right of subrogation that such companies may have against County or HK, as the case may be.

e. County will not be liable for injury or damage to the person or goods, wears, merchandise or other property of HK, HK's employees, contractors, invitees, customers, or any other person in or on the Property, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, heating, ventilating and air conditioning equipment or lighting fixtures, or from any other cause, whether the injury or damage results from conditions arising upon the Property or from other sources or places.

f. HK's insurance will be primary over any insurance carried by County and County's officers, officials, employer, agents or volunteers. Any insurance or self-insurance maintained by County or County officers, officials, employees, agents, or volunteers will be in excess of HK's insurance and will not contribute with HK's insurance.

17. Damage or Destruction. In the event the building constituting the Property is damaged or destroyed from any cause insured against under the provision of Section 16b(ii) above, HK will assign all rights under the property insurance described in Section 16b of this Lease to County, terminate the Lease and deliver to County a waiver of all claims to such insurance proceeds together with a sum equal to the deductible (if any) under such insurance policy.

18. Default.

a. "Default" is defined as the failure by HK to comply with or perform any of the terms, covenants and conditions under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults and the failure of HK to cure such Default within any applicable grace period: (i) the failure of HK to vacate the Property at the expiration of the Lease term; (ii) a Default by HK as to the terms, covenants, conditions or provisions of this Lease that continues for a period of ten (10) days after written notice, provided, however, that if the nature of HK's Default is such that more than ten (10) days are reasonably required for its cure, then it will not be deemed to be a Breach if HK commences such cure within said ten (10) day period and thereafter diligently prosecutes such cure to completion.

b. In the event of a Breach, County may, upon notice and demand pursuant hereto, and without limiting County in the exercise of any right or remedy that it may have by reason of such Breach: (a) terminate HK's right of possession of the Property by any lawful means in which case this Lease will terminate and HK will immediately surrender possession to County and County will be entitled to recover the sum of Sixty Thousand Dollars (\$60,000.00) per month during any holdover period (subject to proration on a day for day basis), together with all costs and expenses related to HK's Breach of its obligations hereunder. Additionally, County may pursue any other remedy now or hereafter available under the laws of the State of California.

c. County waives all rights to levy or distraint upon HK's Personalty from time to time placed on, in or about the Property by HK, which Personalty may have a secured party with rights superior to County's rights. HK will not be required to execute any financing instrument in favor of County, such as but not limited to UCC filings, to secure performance of its obligations to County under this Lease.

19. Miscellaneous.

a. Severability. If any term or provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease will not be affected by the determination, and each term and provision of this Lease will be valid and enforceable to the fullest extent permitted by Law. It is the intention of the parties that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning that renders it valid.

b. Time; Joint and Several Liability. Time is of the essence of this Lease and each and every provision of this Lease. All the terms, covenants, and conditions contained in this Lease to be performed by either party, if such party consists of more than one person or organization, will be deemed to be joint and several. All rights and remedies of the parties are cumulative and nonexclusive of any other remedy at law or in equity.

c. Binding Effect; Choice of Law. The parties hereto agree that all the provisions of this Lease are to be construed as both covenants and conditions as though the words imparting such covenants and conditions were used in each separate paragraph hereof.

All of the Lease provisions bind and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and assigns. This Lease is governed by the laws of the State of California.

d. Waiver. No provision of this Lease will be deemed waived except by written consent of the party against whom the waiver is claimed. No Breach of any provision of this Lease will be deemed waived except by written consent of the party against whom the waiver is claimed. Any waiver of the Breach of any provision of this Lease will not be deemed to be a waiver of any other provision of this Lease. Acceptance by either party of any performance by the other after the time the performance is due will not constitute a waiver by the other party of the breach or default of any provision of this Lease, unless expressly agreed in writing by the other party.

e. Notices. If notice or demand is required or permitted to be given or served by either party to this Lease to or on the other, the notice or demand must be given or served in writing and served personally or forwarded by certified or registered mail, return receipt requested, or by guaranteed overnight mail delivery service, addressed to the addresses of the parties below the signature lines of the Lease. The date of service of a notice served by mail will be the date of receipt or refusal of receipt. Either party may change its address by written notice to the other.

f. Liens. HK will keep the Property free from any liens or encumbrances arising out of work performed, materials furnished, or obligations incurred by or at the direction of HK. If a lien is recorded HK will cause the lien to be removed by payment or posting of a bond.

g. Interest Charges. Sums due either party to this Lease will bear interest from the date due at the greater of ten percent (10%) per annum or the Reference Rate announced by the Bank of America N.T. & S.A. plus one percent (1%) or the rate of interest to avoid imputed interest pursuant to the provisions of the Internal Revenue Code of 1986 as amended. Interest to be paid hereunder will be limited to the maximum legal rate payable.

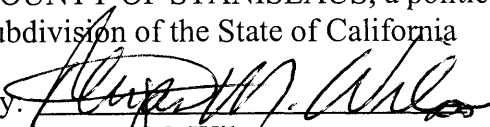
IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

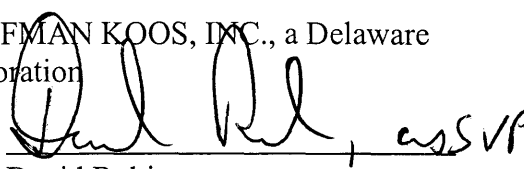
COUNTY

HK

COUNTY OF STANISLAUS, a political subdivision of the State of California

HUFFMAN KOOS, INC., a Delaware corporation

By:   
Reagan M. Wilson  
Its: Chief Executive Officer

By:  *as SVP*  
David Rubin  
Its: Senior Vice President

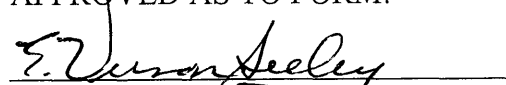
Address:

Address:

1010 10th Street, Suite 6800  
Modesto, CA 95354  
Attn: Patricia Hill Thomas  
Date of Execution: Sept. 18, 2001

2501 Oregon Parkway  
Lancaster, PA 17601  
Attn: Chief Executive Officer  
Date of Execution: Sept. 18, 2001

APPROVED AS TO FORM:

  
Michael H. Krausnick  
Stanislaus County Counsel

With a copy to:

Rein and Rein  
715 14th Street  
Modesto, CA 95354  
Attn: Terry Rein

EXHIBIT "C"

## LEASE PURCHASE AGREEMENT

This LEASE PURCHASE AGREEMENT ("Agreement"), dated for reference purposes September 4, 2001 (the "Agreement Date"), is entered into by and between R3 REALTY CORPORATION, a Colorado corporation ("R3") and The County of Stanislaus, a political subdivision of the State of California ("County").

### RECITALS

A. Aaron B. Miller, Rachel L. Miller, Hubert E. Miller, Harold O. Miller, Mildred E. Miller, and Marjorie E. Miller (collectively, "Miller"), as lessor, and R3's predecessor in interest, as lessee, entered into a lease dated February 5, 1980 (the "Lease") for the land and improvements located at 4835 Sisk Road, Modesto, California (the "Property").

B. R3's predecessor in interest, as sublessor, entered into a store lease for the Property dated December 9, 1994, as amended by First Amendment thereto dated December 19, 1995 (as so amended, the "Sublease") with the predecessor in interest of Huffman Koos, Inc., a Delaware corporation ("HK"), as sublessee. R3 is the current holder of the leasehold interest under the Lease and the Sublease. HK is the current holder of the subleasehold interest under the Sublease.

C. County (or agencies thereof) have expressed an interest in acquiring the Property for a public use, have authority to acquire the Property by condemnation, and in lieu of proceeding with formal condemnation proceedings have entered into negotiations with the owners, tenants and subtenants to acquire their respective interests therein, including (i) the fee interest of Miller, (ii) the leasehold estate of R3 under the Lease, and (iii) the interest of HK in its subleasehold estate in the Property.

D. HK has indicated a willingness to terminate its interest in the Sublease provided that HK and County enter into a new lease for the Property for a term of ninety (90) days, such new lease to be in such form as is mutually agreed upon by HK and County (the "HK-County Lease").

E. In connection with the County's acquisition of the Property and all of the interests therein, and in light of the County power to acquire the property by condemnation, R3 has agreed to transfer to County its interest in the Lease, and thereby effectuate the termination of the Lease, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

1. Acquisition Concurrent with County's Acquisition of the Property; Payment. Subject to the County and HK having entered into the HK-County Lease, R3 shall assign and transfer to County its interest in the Lease and Sublease on the Closing Date. As used herein the term "Closing Date" means the date on which the County has concurrently closed escrow on its purchase of the Miller's interest in the Property and its purchase of R3's interest in the Lease and

Sublease. On the Closing Date, County shall pay R3 the sum of One Million Nine Hundred Thousand Dollars (\$1,900,000.00) in consideration for R3's assignment to County of its interest in the Lease and Sublease and any other interests in the Property (the "Lease Acquisition Payment"). If the Closing Date has not occurred on or before September 30, 2001, this Agreement shall terminate and neither party shall have any further obligations or liability to the other hereunder.

2. Close of Escrow; Lease Assignment. County has established an escrow with First American Title Company in Modesto for its purchase of the Property from Miller. Concurrent with the close of escrow of such purchase, County shall through such escrow pay the Lease Acquisition Payment to R3 and R3 shall concurrently assign and transfer to County all of R3's right title and interest in the Lease and Sublease and County shall accept such assignment. Such assignment and transfer shall be accomplished by R3 and County executing a Lease Assignment in the form attached hereto as Exhibit A. All escrow fees and closing costs with respect to the First American Title Company escrow shall be paid by County and Miller pursuant to the separate agreement between them.

3. As-Is Condition of the Property. County hereby acknowledges and agrees that R3 makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the property (except as expressly provided herein), including, without limitation, the physical condition of the Property or the improvements; the square footage of the Property or the improvements; the presence or absence of any hazardous materials in, on or about the Property or the adjacent or neighboring property or any other matter relating to the environmental condition of the Property; the zoning of the Property; the possibility of developing or using the Property in the manner contemplated by County or obtaining any consents, permits, approvals, authorizations or entitlements in connection therewith; the value of the Property; the fitness of the Property for any particular purpose or use; or any other matter or thing relating to the Property. County also acknowledges that County has conducted such independent inspection and investigation of the physical and environmental condition of the Property (and all portions thereof) and all such other matters relating to or affecting the Property (or any portion thereof) as County deems necessary or appropriate and that County shall rely on its independent inspection and investigation of the Property in electing to proceed with its acquisition of the Property and termination of the Lease. Accordingly, County agrees that it shall accept the Property and termination of the Lease at the close of escrow "As-Is" and "with all faults", except as expressly provided in R3's warranties herein.

3.1 R3's Warranties. Notwithstanding any language to the contrary contained herein, R3 hereby represents and warrants to County the following as of the date of this Agreement and at the Closing Date:

3.1.1 Authority. R3 has taken all necessary action to authorize the execution, delivery and performance of this Agreement and except as expressly stated herein, no approvals or consents of any persons other than R3 are required in connection with the execution and performance of this Agreement.

3.1.2 Capacity. R3 has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement and under all documents executed

by R3 which are to be delivered to County at or before the Closing Date, and except as expressly stated herein, no approvals or consents of any persons other than R3 are required in connection with the execution and performance of this Agreement.

3.1.3 No Violation Of R3's Existing Obligations; No Violation of Court Degree. R3 represents and warrants that R3's execution of this Agreement and of documents which are to be delivered to County at or before the Closing Date and consummation of the transactions contemplated by this Agreement will not result in or constitute a default, breach or violation of R3's existing obligations, instruments, agreements or any order or decree of any court or other governmental authority to which R3 is a party or to which the Property is subject.

3.1.4 No Third Party Leases or Contracts. R3 represents and warrants that except for the Lease and Sublease, there are and shall be no third party leases, subleases or contracts with R3 as a party relating to the Property in effect as of the Closing Date, and except for the Lease and Sublease, County shall not be obligated under any existing contracts with R3 or its predecessors in interest as a party relating to the Property after the Closing Date. R3 further represents and warrants that R3 or its predecessors in interest are not in default under any existing contract or lease relating to the Property.

3.1.5 Condition of the Property. To R3's actual knowledge, there are no natural or artificial conditions upon or about the Property or any part of the Property that could result in a material and adverse change in the condition of the Property.

3.1.6 Hazardous Materials.

3.1.6.1 No Regulatory Proceedings. To R3's actual knowledge, there are no regulatory proceedings by any federal, state, or local governmental agency with respect to the Property concerning any Hazardous Materials. "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now defined or regulated in any manner by any federal, state or local law based upon, directly or indirectly, such properties or effects.

3.1.6.2 No Underground Tanks. To R3's actual knowledge, no underground storage tanks containing Hazardous Materials are located on or under the Property.

3.1.7 Indemnification. R3 shall notify County of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Closing Date. R3 shall defend, indemnify and hold County harmless from and against any and all



claims arising out of or resulting from a breach of R3's warranties; provided however that County must give written notice to R3 of any such claims within two (2) years after the Closing Date.

3.1.8 Survival. The provisions of this section shall survive the termination of this Agreement or the delivery of the grant deed and transfer of title for a period of two (2) years after the Closing Date. Any claim based upon a breach of R3's representations and warranties must be made in writing within said two (2) year period.

3.1.9 No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by R3 in connection with this Agreement, including but not limited to the physical condition of the Property, whether the Property complies with applicable laws or is appropriate for County's intended use.

3.2 County's Warranties. County hereby represents and warrants to R3 the following:

3.2.1 Capacity. County has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement. No approvals or consents of any persons other than County are required in connection with the execution and performance of this Agreement, except as expressly provided herein.

3.2.2 No Violation of County's Organizational Instruments. County's execution of this Agreement and of documents which are to be delivered to R3 at the Closing Date and consummation of the transactions contemplated by this Agreement will not result in or constitute a default, breach or violation of County's organizational instruments.

3.2.3 No Pending or Threatened Actions. To the best of the actual knowledge of Reagan Wilson, County's Chief Executive Officer, there are no pending or threatened actions, suits, proceedings, judgments, orders or decrees against County which would materially adversely affect County's ability to perform under the terms of this Agreement.

3.2.4 Indemnification. County hereby agrees to defend, indemnify and hold R3 harmless from and against any and all claims arising out of or resulting from a breach of County's warranties.

3.2.5 Survival. The provisions of this section shall survive the termination of this Agreement or the delivery of the grant deed and transfer of title.

3.2.6 No Further Warranties. Except as expressly set forth herein, there are no representations or warranties of any kind whatsoever, express or implied, made by County in connection with this Agreement.

4. Release and Waiver. Effective on the Closing Date, in consideration of R3's agreement to assign the Lease and Sublease and any other interests of R3 in the Property to County, County hereby fully releases and discharges R3 and its predecessors in interest, and their successors, assigns, members, officers, directors and all parties with an interest in R3's leasehold estate (the

“R3 Parties”) from, and relinquishes all rights, claims and actions that County may have at the Closing Date arising out of the Lease and the Sublease and R3’s use and occupancy of the Property. County acknowledges and agrees that after the Closing Date, R3 and the R3 Parties, are to have no further liabilities or obligations under the Lease and the Sublease. Accordingly, the release applies to all claims for damages or loss to the Property, whether such damages or loss are known or unknown, foreseen or unforeseen, patent or latent, that County may have against R3 and the R3 Parties, and County hereby waives application of California Civil Code section 1542 which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the debtor.”

Expressly excluded from the operation of this release are any claims covered by the indemnities given by R3 to County in Section 3.1, Section 5 and Section 6 of this Agreement.

5. R3 Indemnity. Effective on the Closing Date, R3 will indemnify and defend County and County’s officers, officials, employees, representatives, agents and volunteers against all costs and expenses, liabilities, obligations, damages, penalties, claims or actions (including without limitation, any and all sums paid for investigation costs, settlement of claims, consultant and expert fees, reasonable attorneys’ fees and costs and expenses of litigation and appeal from the first notice that any claim or demand has been or may be made) resulting from claims by persons claiming a leasehold interest in the Property or from claims, costs or damages arising from R3’s activities on the Property prior to the Closing Date (collectively, the “Claims”). Notwithstanding the foregoing R3’s indemnity shall exclude (i) any Claims of HK or persons or entities claiming under or affiliated with HK, or relating to HK’s use, operation or control of the Property (as County will be dealing directly with HK as to any such Claims) and (ii) any matters covered under a standard CLTA owner’s policy of title insurance (as County will be acquiring such a title insurance policy on the Property on the Closing Date).

6. Brokers. If and only if the close of escrow occurs, R3 shall pay a brokerage commission to Colliers Tingey (“Broker”) per separate agreement between R3 and Broker. County has no agreement to pay any commissions arising out of the transactions contemplated herein. While County and R3 both acknowledge the involvement of Tom Solomon and Fred Miller in this transaction, it is the understanding of County and R3 that Fred Miller has represented Miller and will be compensated by Miller, and that Tom Solomon will be compensated by Broker and/or Fred Miller, from commissions they will receive in this transaction. Subject to the foregoing, R3 agrees to indemnify, defend and hold County harmless against any loss, liability, damage, cost, claim or expense (including reasonable attorneys’ fees) incurred by reason of any brokerage fee, commission or finder’s fee which is payable or alleged to be payable to Broker or any other broker or finder by or on the basis of any alleged acts by R3. Subject to the foregoing, County agrees to indemnify, defend and hold R3 harmless against any loss, liability, damage, cost, claim or expense (including reasonable attorneys’ fees) incurred by reason of any brokerage fee,

commission or finder's fee which is payable or alleged to be payable to any broker or finder other than Broker by or on the basis of any alleged acts by County. The representations, warranties, indemnities and agreements contained in this Section 6 shall survive the close of escrow or earlier termination of this Agreement.

7. Prorations. All monetary payments, including but not limited to rent and all other sums due under the Lease required to be paid by R3 will be equitably prorated as of the Closing Date through the First American Title Company escrow in accordance with the terms of the Lease.

8. Miscellaneous.

8.1 Severability. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement will not be affected by the determination, and each term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning that renders it valid.

8.2 Choice of Law; Construction. This Agreement is governed by the laws of the State of California. Each party and its counsel have reviewed and revised this Agreement and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

8.3 Waiver. No provision of this Agreement will be deemed waived except by written consent of the party against whom the waiver is claimed. No breach of any provision of this Agreement will be deemed waived except by written consent of the party against whom the waiver is claimed. Any waiver of the breach of any provision of this Agreement will not be deemed to be a waiver of any other provision of this Agreement. Acceptance by either party of any performance by the other after the time the performance is due will not constitute a waiver by the other party of the breach or default of any provision of this Agreement, unless expressly agreed in writing by the other party.

8.4 Notices. If any notice or demand is required or permitted to be given or served by either party to this Agreement to or on the other, the notice or demand must be given or served in writing and served personally or forwarded by certified or registered mail, return receipt requested, or by guaranteed overnight mail delivery service, addressed to the addresses of the parties specified below the signature lines of this Agreement. The date of service of a notice served by mail will be the date of receipt or refusal of receipt. Either party may change its address by written notice to the other.

8.5 Binding Effect. This Agreement will be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement may be executed in several counterparts each of which shall be deemed an original, but all of which together will constitute one and the same agreement. No provision of this Agreement may be amended except by an agreement in writing.

IN WITNESS WHEREOF, this Agreement has been entered into by the parties as of the date first written above.

R3 REALTY CORPORATION, a Colorado corporation

By:

  
Richard Squires, President

Address:

4229 Cochran Chapel

Dallas, Texas 75209

Attn: Richard Squires

With a copy to:

Morgan, Miller & Blair

1675 North California Blvd., Suite 200

Walnut Creek, CA 94596

Attn: Gilbert C. Berkeley

Date of Execution: September 18, 2001

COUNTY OF STANISLAUS, a political subdivision of the State of California

By:

  
Reagan Wilson

Its: Chief Executive Officer

Address:


1010 10<sup>th</sup> Street, Suite 6800

Modesto, CA 95354

Attn: Patricia Hill Thomas

APPROVED AS TO FORM:

By:

  
Michael H. Krausnick  
Stanislaus County Counsel

With a copy to:

Rein & Rein

715 14<sup>th</sup> Street

Modesto, CA 95354

Attn: Teresa Vig Rein

Date of Execution: September 18, 2001

IN WITNESS WHEREOF, this Agreement has been entered into by the parties as of the date first written above.

R3 REALTY CORPORATION, a Colorado corporation

By:   
Richard Squires, President

Address:  
4229 Cochran Chapel  
Dallas, Texas 75209  
Attn: Richard Squires

With a copy to:  
Morgan, Miller & Blair  
1675 North California Blvd., Suite 200  
Walnut Creek, CA 94596  
Attn: Gilbert C. Berkeley

Date of Execution: September 27 2001

COUNTY OF STANISLAUS, a political subdivision of the State of California

By: \_\_\_\_\_  
Reagan Wilson  
Its: Chief Executive Officer

Address:  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, CA 95354  
Attn: Patricia Hill Thomas

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael H. Krausnick  
Stanislaus County Counsel

With a copy to:  
Rein & Rein  
715 14<sup>th</sup> Street  
Modesto, CA 95354  
Attn: Teresa Vig Rein

Date of Execution: September 27, 2001

## **ASSIGNMENT OF LEASE AND SUBLEASE**

This Assignment of Lease and Sublease ("Assignment") is made as of September 18, 2001 by and between by and between R3 REALTY CORPORATION, a Colorado corporation ("Assignor") and THE COUNTY OF STANISLAUS, a political subdivision of the State of California ("Assignee").

### RECITALS

A. Aaron B. Miller, Rachel L. Miller, Hubert E. Miller, Harold O. Miller, Mildred E. Miller, and Marjorie E. Miller (collectively, "Miller"), as lessor, and R3's predecessor in interest, as lessee, entered into a lease dated February 5, 1980 (the "Lease") for the land and improvements located at 4835 Sisk Road, Modesto, California (the "Property").

B. R3's predecessor in interest, as sublessor, entered into a store lease for the Property dated December 9, 1994, as amended by First Amendment thereto dated December 19, 1996 (as so amended, the "Sublease") with the predecessor in interest of Huffman Koos, Inc., a Delaware corporation ("HK"), as sublessee. R3 is the current holder of the leasehold interest under the Lease and the Sublease. HK is the current holder of the subleasehold interest under the Sublease.

C. County (or agencies thereof) have expressed an interest in acquiring the Property for a public use, have authority to acquire the Property by condemnation, and in lieu of proceeding with formal condemnation proceedings have completed negotiations with the owners, tenants and subtenants to acquire their respective interests therein, including (i) the fee interest of Miller, (ii) the leasehold estate of R3 under the Lease, and (iii) the interest of HK in its subleasehold estate in the Property.

D. In connection with the County's acquisition of the Property and all of the interests therein, County and R3 have entered into that certain Lease Purchase Agreement dated September 4, 2001 (the "Lease Purchase Agreement") wherein the County has agreed to purchase R3's interests in the Lease and Sublease and R3 has agreed to assign such interests to County.

NOW, THEREFORE, in consideration of these premises and the payment by Assignee to Assignor of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **ASSIGNMENT**

1. Assignor hereby grants, assigns and transfers to Assignee all of Assignor's right, title and interest in and to the Lease and Sublease, which assignment is

subject to and effective upon Assignee's close of escrow on Assignee's purchase of the Miller's interest in the Property.

2. This Assignment is made pursuant to and is subject to the terms and provisions of the Lease Purchase Agreement, including such representations, warranties and indemnities as are set forth therein.

3. This Assignment shall bind and inure to the benefit of the respective successors and assigns of the parties. This Assignment may be executed in several counterparts each of which shall be deemed an original, but all of which together will constitute one and the same agreement. No provision of this Assignment may be amended except by an agreement in writing.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

**ASSIGNOR:**

R3 REALTY CORPORATION, a Colorado corporation

By:   
Richard Squires, President

**ASSIGNEE:**

COUNTY OF STANISLAUS, a political subdivision of the State of California

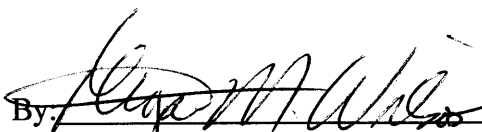
By:   
Reagan Wilson  
Its: Chief Executive Officer

EXHIBIT "D"



13



Recording Requested By And  
When Recorded Return To:

Stanislaus, County Recorder  
Karen Mathews Co Recorder Office  
**DOC- 2001-0114645-00**

County of Stanislaus  
c/o Rein & Rein  
715 14<sup>th</sup> Street  
Modesto, CA 95354

Acct 503-First American Title Co  
Thursday, SEP 27, 2001 08:00:00  
Ttl Pd \$37.00 Nbr-0000803352  
ELM/R1/1-11

\_\_\_\_\_  
(Space above this line for Recorder's use only.)

**EASEMENT AGREEMENT**

THIS EASEMENT AGREEMENT is made this 27 day of September, 2001, by and between THE COUNTY OF STANISLAUS, a political subdivision of the State of California (referred to herein as "Grantor"), and MILMOR ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP (referred to herein as "Grantee").

**WITNESSETH**

WHEREAS, Grantor is the owner of that certain real property located at 4835 Sisk Road, Salida, California (A.P.N. 135-53-6), more particularly described as "Grantor's Property" on Exhibit "A" attached hereto (the "Property").

WHEREAS, Grantee is the owner of adjacent real property (A.P.N. 135-53-7), more particularly described as "Grantee's Property" on Exhibit "A" attached hereto.

WHEREAS, Grantee is in need of a 24 foot wide emergency access and vehicular access easement over that portion of Grantor's property identified as "Proposed Access Easement" on Exhibit "A" attached hereto ("Easement Area").

WHEREAS, Grantor is willing to grant a limited 24 foot wide emergency access and vehicular access easement over the Easement Area, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, Grantor and Grantee agree as follows:

F.A.T.

114645 SEP 27 01

BA

1. GRANT OF EASEMENT.

1.1. Easement.

1.1.1. Grantor grants to Grantee a nonexclusive easement over the Easement Area described on Exhibit "A" which is expressly limited to the following: (a) the construction and maintenance of Improvements in the Easement Area in the area set forth on Exhibit "A", as defined herein; (b) access for emergency vehicles; and (c) vehicular access for no more than twenty-five (25) authorized vehicles, excluding delivery trucks. The right of access granted under this Agreement expressly excludes parking rights or privileges on Grantor's Property.

1.2. Construction of Improvements to a portion of the Easement Area.

1.2.1. At its sole cost and expense, Grantee shall grade and construct a paved access area in that portion of the Easement Area described as "Approximate Area to Be Improved" on Exhibit "A" in accordance with plans approved in advance in writing by the County's Chief Executive Officer or his designee.

1.2.2. At its sole cost and expense, Grantee shall install a gate with key card system or other type of system within the area designated as "Approximate Area to Be Improved" as approved by Grantor to restrict and monitor the use of the Easement Area to only Authorized Users, as defined below.

1.2.3. The improved access area, gate and key card system and appurtenances thereto within the area set forth on Exhibit "B" shall be referred to herein as the "Improvements."

1.2.4. Prior to the construction of Improvements on Grantor's Property, Grantee shall provide Grantor with insurance covering the risks associated with construction of the Improvements, provide payment and performance bonds if the cost of construction exceeds \$25,000, and require the payment of prevailing wages on the work if such work exceeds \$1,000.

1.3. Limited Use of Easement Area.

1.3.1. At least annually, Grantee shall identify no more than twenty-five (25) vehicles which will be given the right to use the Easement Area, and shall provide Grantor with such information in writing ("Authorized Users"). Authorized Users shall be limited only to those individuals who are owners, occupants, employees or tenants of Grantee's Property described on Exhibit "A".

1.3.2. Grantee shall monitor and limit the use of the Easement Area to only Authorized Users.

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1.3.3. In the event Grantee fails to monitor and limit the use of the Easement Area to only Authorized Users, the County may take any action reasonably necessary to enforce the terms and condition of this Agreement, including but not limited to imposing reasonable fines on Grantee or individuals who utilize the Easement Area without authorization, towing, taking legal or equitable action to prevent unauthorized use of the Easement Area, or taking legal or equitable action to terminate this Agreement.

1.4. Maintenance of Improvements.

1.4.1. Grantee shall maintain, clean, sweep, surface and resurface at its sole cost and expense the Improvements in the area designated as "Approximate Area to Be Improved" on Exhibit "A". At its sole cost and expense, Grantor shall maintain, clean, sweep, surface or resurface the remaining portion of the Easement Area in any manner deemed appropriate by Grantor in its sole discretion.

1.5. Restrictions on Use of Easement Area.

1.5.1. Grantee shall not obstruct or cause injury or damage to Grantor's Property or to vehicles or property on Grantor's Property, nor unreasonably interfere with Grantor's use of the Property.

1.5.2. Grantor shall not construct, build or maintain, nor permit to be constructed, built or maintained the whole or any part of any structure or facility over or across the Easement Area which would in any manner impair or interfere with the present or prospective exercise of any of the rights herein granted to Grantee.

2. INDEMNIFICATION.

2.1. Grantee shall indemnify, defend and hold harmless Grantor and Grantor's officers, officials, employees, volunteers and agents from and against any and all claims, actions and proceedings relating to any breach or default in the performance of, or the omission to perform, any obligation on Grantee's part under any term or condition of this Agreement and/or any negligent act, omission to act or intentional wrongdoing by Grantee or Grantee's agents, representatives, employees, invitees or Authorized Users, relating to the performance of, or omission to perform, any term or condition of this Agreement or the use of the Easement Area.

2.2. Grantee assumes all risk of damage to property or injury to persons resulting from this Agreement. Grantee hereby waives all claims arising out of or relating to this Agreement against Grantor and Grantor's officers, officials, employees, agents and volunteers.

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3. INSURANCE.

- 3.1. Grantee shall procure and maintain at Grantee's expense for the duration of this Agreement insurance coverage provided by a California admitted insurer licensed to transact business in California or a U.S. Domestic Insurer as approved by Grantor, including insurance coverage against claims for injuries to persons or damage to property which may arise from or in connection with the performance of, or omission to perform, any term or condition of this Agreement by Grantee or Grantee's agents, representatives, employees or Authorized Users, as follows:
- 3.1.1. General Liability Insurance: \$1,000,000.00 combined single limit per occurrence for bodily injury, personal injury and property damage.
- 3.1.2. Automobile Insurance: Authorized Users shall carry automobile liability insurance with limits of at least \$100,000.00 combined single limit per accident for bodily injury and property damage or as otherwise approved in writing by the County.
- 3.1.3. Any deductibles or self-insured retentions must be declared and approved by Grantor. At the option of Grantor, either the insurer shall reduce or eliminate such deductibles or self-insured retentions concerning Grantor and Grantor's officers, officials, employees, agents and volunteers; or Grantee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 3.1.4. Grantor and Grantor's officers, officials, employees, agents and volunteers are to be named as additional insureds by separate endorsement on Grantee's policy of General Liability Insurance.
- 3.1.5. Grantee's General Liability Insurance coverage shall be primary over insurance carried by Grantor and Grantor's officers, officials, employees and volunteers. Any insurance or self-insurance maintained by Grantor or Grantor's officers, officials, employees, agents or volunteers shall be excess of Grantee's insurance and shall not contribute with Grantee's insurance.
- 3.1.6. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Grantor or Grantor's officers, officials, employees, agents or volunteers.
- 3.1.7. Grantee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.1.8. Grantee's insurer shall waive all rights of subrogation against Grantor and Grantor's officers, officials, employees, agents and volunteers for losses arising from the performance of or the omission to perform any term or condition of this Agreement.

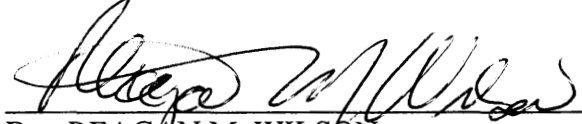
3.1.9. Grantee shall, at least annually, provide certificates of insurance evidencing the insurance required herein, and shall certify in writing that all Approved Users carry automobile insurance required herein.

4. RUNS WITH THE LAND AND BINDING ON SUCCESSORS AND ASSIGNS. The rights granted under this Agreement shall run with the land and inure to the benefit of and be binding upon Grantor and Grantee, their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

*Grantor:*


COUNTY OF STANISLAUS, a political  
subdivision of the State of California



By: REAGAN M. WILSON  
Chief Executive Officer

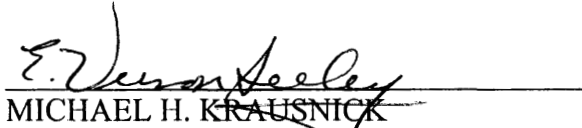
*Grantee:*

MILMOR ASSOCIATES, A California  
Limited Partnership



By: HAROLD O. MILLER, General  
Partner

*Approved as to form:*



MICHAEL H. KRAUSNICK  
Stanislaus County Counsel

By: HUBERT E. MILLER, General Partner

114645 SEP 27 01

State of California )  
 ) ss.  
County of Stanislaus )

On September 19, 2001, before me, Kathleen M Herman, Notary Public  
personally appeared Reagan M Wilson

- personally known to me
- OR
- 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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Kathleen M Herman  
Signature of Notary Public



114645 SEP 27 01

3.1.8. Grantee's insurer shall waive all rights of subrogation against Grantor and Grantor's officers, officials, employees, agents and volunteers for losses arising from the performance of or the omission to perform any term or condition of this Agreement.

3.1.9. Grantee shall, at least annually, provide certificates of insurance evidencing the insurance required herein, and shall certify in writing that all Approved Users carry automobile insurance required herein.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

*Grantor:*

COUNTY OF STANISLAUS, a political  
subdivision of the State of California

\_\_\_\_\_  
By: REAGAN M. WILSON  
Chief Executive Officer

*Approved as to form:*

\_\_\_\_\_  
MICHAEL H. KRAUSNICK  
Stanislaus County Counsel

*Grantee:*

MILMOR ASSOCIATES, A California  
Limited Partnership

\_\_\_\_\_  
By: HAROLD O. MILLER, General  
Partner

  
\_\_\_\_\_  
By: HUBERT E. MILLER, General Partner

114645 SEP 27 01

3.1.8. Grantee's insurer shall waive all rights of subrogation against Grantor and Grantor's officers, officials, employees, agents and volunteers for losses arising from the performance of or the omission to perform any term or condition of this Agreement.

3.1.9. Grantee shall, at least annually, provide certificates of insurance evidencing the insurance required herein, and shall certify in writing that all Approved Users carry automobile insurance required herein.

4. RUNS WITH THE LAND AND BINDING ON SUCCESSORS AND ASSIGNS. The rights granted under this Agreement shall run with the land and inure to the benefit of and be binding upon Grantor and Grantee, their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.


*Grantor:*

COUNTY OF STANISLAUS, a political  
subdivision of the State of California

\_\_\_\_\_  
By: REAGAN M. WILSON  
Chief Executive Officer

*Grantee:*

MILMOR ASSOCIATES, A California  
Limited Partnership

  
\_\_\_\_\_  
By: HAROLD O. MILLER, General  
Partner

*Approved as to form:*

\_\_\_\_\_  
MICHAEL H. KRAUSNICK  
Stanislaus County Counsel

\_\_\_\_\_  
By: HUBERT E. MILLER, General Partner



State of California )  
 ) ss.  
County of Stanislaus )

On 9-25-01, before me, Joanne Von Savoye,  
personally appeared Harold O. Miller,

- personally known to me  
OR  
 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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



[Handwritten Signature]  
Signature of Notary Public

State of California )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_

- personally known to me  
OR  
 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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

114645 SEP 27 01

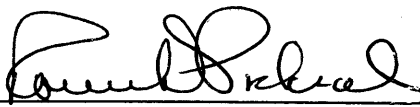
VIRGINIA  
State of ~~California~~ )  
 ) ss.  
County of FRANKLIN )

On 9-20-01, before me, RONNIE D. PICKRAI,  
personally appeared HUBERT F. MILLER

- personally known to me  
OR  
 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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

  
\_\_\_\_\_  
Signature of Notary Public  
*My Comm. Exp 2-28-02*

State of California )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_

- personally known to me  
OR  
 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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

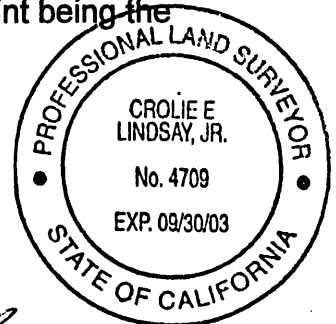
114645 SEP 27 01

**EXHIBIT "A"**  
**ACCESS EASEMENT**  
PARCEL 2 (28-PM-31)

Being a 24 foot wide Access Easement lying within Parcel 2 of the Parcel map recorded in Volume 28 of Parcel Maps at Page 31 Stanislaus County records, lying within the Northwest Quarter of Section 3, Township 3 South, Range 8 East, Mount Diablo Base and Meridian, City of Modesto, County of Stanislaus, State of California, the centerline of said easement being more particularly described as follows;

COMMENCING at the southeast corner of said Parcel 2, said corner also being a point on the westerly right-of-way line of Sisk Road; thence North  $0^{\circ}09'29''$  West along said right-of-way line a distance of 45.99 feet to the POINT OF BEGINNING; thence South  $53^{\circ}24'02''$  West, along the above said centerline, parallel to and 37.00 feet distant from the southeasterly line of said Parcel, a distance of 313.32 feet; thence South  $36^{\circ}35'58''$  East, a distance of 37.00 feet to a point on said southeasterly line, said point being the POINT OF TERMINATION of this description.

Subject to all easements and /or rights-of-way of record.



*Crolie Lindsay*  
Crolie Lindsay, L.S. 4709

2264access\_legal

114645 SEP 27 01

135 - 53 - 05

PARCEL "1"

28-PM-31

N53°24'02"E 655.93'

N00°09'20"W 541.95'

SISK ROAD

135 - 53 - 06

PARCEL "2"

28-PM-31

Grantor's Property

STATE HIGHWAY 99

N56°35'58"W 436.00'

30'

20'

P.O.B.

PROPOSED ACCESS EASEMENT

S53°24'02"W 313.32'

N53°24'02"E 334.00'

P.O.C.

45.99'

40'

APPROXIMATE AREA TO BE IMPROVED

Grantee's Property

135 - 53 - 07

PARCEL "2"

44-PM-64

S36°35'58"E 37.00'

36" 24"

SCALE: N 1"=100'

135 - 53 - 08

PARCEL "2"

44-PM-64



HAWKINS & ASSOCIATES  
ENGINEERING  
436 MITCHELL RD.  
MODESTO, CA. 95354  
PH: (209) 575 - 4295  
FX: (209) 578 - 4295

EXHIBIT "A"  
ACCESS EASEMENT

APN: 135 - 42 - 22  
SANISLAUS COUNTY, CALIFORNIA


BY: DRF.  
CHK: RHH.  
DATE: 9/5/01  
SCALE: 1" = 100'  
JOB #: 2264  
FILE: 2264\_BKTCB

SHEET  
1.  
OF  
1.

114645 SEP 27 01

14  
Recording Requested By And  
When Recorded Return To:

County of Stanislaus  
c/o Rein & Rein  
715 14<sup>th</sup> Street  
Modesto, CA 95354

  
Stanislaus, County Recorder  
Karen Mathews Co Recorder Office  
**DOC- 2001-0114646-00**  
Acct 503-First American Title Co  
Thursday, SEP 27, 2001 08:00:00  
Ttl Pd \$40.00 Nbr-0000803354  
ELM/R1/1-12

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(Space above this line for Recorder's use only.)

### PARKING EASEMENT AGREEMENT

THIS PARKING EASEMENT AGREEMENT is made this 27 day of September, 2001, by and between the COUNTY OF STANISLAUS, a political subdivision of the State of California (referred to herein as "Grantor"); and CRANBROOK PROPERTIES, LLC, a Limited Liability Company, and MILMOR ASSOCIATES, a California Limited Partnership (collectively referred to herein as "Grantees"; individually referred to herein as "Cranbrook" or "Milmor", respectively).

#### WITNESSETH

WHEREAS, Grantor is the owner of that certain real property located at 4835 Sisk Road, Salida, California (A.P.N. 135-53-6), more particularly described as "Grantor's Property" on Exhibit "A" attached hereto (the Property).

WHEREAS, Milmor is the owner of A.P.N.135-53-7, more particularly described as "Milmor Property" on Exhibit "A" attached hereto.

WHEREAS, Cranbrook is the owner of A.P.N.135-53-8, more particularly described as "Cranbrook Property" on Exhibit "A" attached hereto.

WHEREAS, Grantees are in need of a parking easement 2,907 square feet in size over that portion of Grantor's property identified as "Parking Easement" on Exhibit "A" attached hereto ("Parking Easement Area").

WHEREAS, Grantor is willing to grant a parking easement over the Parking Easement Area, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, Grantor and Grantees agree as follows:

F.A.T.

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12

1. GRANT OF EASEMENT.

- 1.1. Easement. Grantor grants to Grantees an easement for parking over the Parking Easement Area described on Exhibit "A" which is expressly limited to the following: (a) a nonexclusive right of access for no more than 17 vehicles, excluding delivery trucks over the 24' easement area described on Exhibit "A"; (b) an exclusive parking easement for no more than 17 vehicles on and over the Parking Easement Area described on Exhibit "A."
- 1.2. Allocation. As between Milmor and Cranbrook, it is expressly understood and agreed that Milmor shall be entitled to the exclusive use of 5 of the 17 parking spaces within the Parking Easement Area; and Cranbrook shall be entitled to the exclusive use of 12 of the 17 parking spaces within the Parking Easement Area.

2. CONSIDERATION.

- 2.1. Prior to recordation of this Agreement, Grantees shall pay Grantor Thirty One Thousand Nine Hundred Seventy Seven Dollars (\$31,977.00) (based on \$11.00 per square foot for 2,907 square feet of parking easement space) for the parking rights granted under this Parking Easement Agreement.
- 2.2. Grantees and Grantor terminate, remise, release and forever quitclaim all easement interests as contained in that certain "Easement Agreement" recorded on February 8, 1980 as Instrument No. 49878, page 224, Stanislaus County Records, upon recordation of this Parking Easement Agreement.

3. MAINTENANCE OF PARKING EASEMENT AREA.

- 3.1. Except as provided below, or except as otherwise agreed to in writing by the Grantor and Grantees, Grantor shall maintain the Parking Easement Area in a manner deemed appropriate by Grantor, in its sole discretion. Grantees shall pay all reasonable costs and expenses relating to the maintenance of the Parking Easement Area. As used herein, the term "maintain" or "maintenance" shall mean repairing, resurfacing, striping, or replacing the pavement in the Parking Easement Area. Such costs shall be allocated between the Grantees in accordance with their respective pro rata share of exclusive parking spaces allocated to them in Section 1.2 above.
- 3.2. Grantees shall be responsible for signage for the Parking Easement Area at Grantees' expense. Said signage is subject to the prior approval of the County's Chief Executive Officer or his designee, which approval shall not be unreasonably withheld.

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4. LIMITED USE OF EASEMENT AREA.

- 4.1. Parking privilege under this easement shall be limited only to those individuals who are owners, occupants, employees, tenants, contractors, invitees, of the owners or tenants of the Milmor Property or the Cranbrook Property ("Authorized Users").
- 4.2. Grantees shall monitor and use reasonable efforts to limit the use of the Easement Area to Authorized Users.
- 4.3. In the event Grantees fail to monitor and limit the use of the Easement Area to Authorized Users, the County may take any action reasonably necessary to enforce the terms and condition of this Agreement, including but not limited to imposing reasonable fines on individuals who utilize the Parking Easement Area without authorization, or taking legal or equitable action to prevent unauthorized use of the Parking Easement Area.

5. RESTRICTIONS ON USE OF EASEMENT AREA.

- 5.1. Grantees shall not obstruct or cause injury or damage to Grantor's property or to vehicles or property on Grantor's property, nor unreasonably interfere with Grantor's use of Grantor's Property.
- 5.2. Grantor shall not construct, build or maintain, nor permit to be constructed, built or maintained the whole or any part of any structure or facility over or across the Easement Area which would in any manner impair or interfere with the present or prospective exercise of any of the parking rights herein granted to Grantees.

6. INDEMNIFICATION.

- 6.1. Cranbrook shall indemnify, defend and hold harmless Grantor and Grantor's officers, officials, employees, and agents from and against any and all claims, actions and proceedings arising from any personal injuries, death or property damage relating to any breach or default by Cranbrook of any of its obligations under this Agreement, or to the extent caused by any negligence or intentional wrongdoing by Cranbrook or any of Cranbrook's agents, employees, representatives, invitees or tenants in connection with its respective access or use of the Parking Easement Area. Cranbrook assumes all risk of damage to property or injury to persons resulting from the access or use of the Parking Easement Area by Cranbrook and any of its agents, employees, representatives, invitees or tenants. Cranbrook hereby waives all claims against Grantor and its officers, officials, employees and agents related to the access and use of the Parking Easement Area. Cranbrook's obligation to defend and indemnify Grantor and its officers, officials and agents under this section shall commence immediately upon receipt of a claim. The preceding notwithstanding, the provisions of this Section 6.1 shall not be applicable to the extent of any damage, injury loss, liability, claim, action, cost or expense arising from or related to any breach of this Agreement by Grantor or any negligence or willful misconduct by Grantor, its officers or employees.

114646 SEP 27 01

6.2. Milmor shall indemnify, defend and hold harmless Grantor and Grantor's officers, officials, employees, and agents from and against any and all claims, actions and proceedings arising from any personal injuries, death or property damage relating to any breach or default by Milmor of any of its obligations under this Agreement, or to the extent caused by any negligence or intentional wrongdoing by Milmor or any of Milmor's agents, employees, representatives, invitees or tenants in connection with the its respective access or use of the Parking Easement Area. Milmor assumes all risk of damage to property or injury to persons resulting from the access or use of the Parking Easement Area by Milmor and any of its agents, employees, representatives, invitees or tenants. Milmor hereby waives all claims against Grantor and its officers, officials, employees and agents related to the access and use of the Parking Easement Area. Milmor's obligation to defend and indemnify Grantor and its officers, officials and agents under this section shall commence immediately upon receipt of a claim. The preceding to the contrary notwithstanding, the provisions of this Section 6.2 shall not be applicable to the extent of any damage, injury loss, liability, claim, action, cost or expense arising from or related to any breach of this Agreement by Grantor or any negligence or willful misconduct by Grantor, its officers or employees.

7. INSURANCE.

7.1. Each Grantee shall procure and maintain at such Grantee's expense for the duration of this Agreement insurance coverage provided by a California admitted insurer licensed to transact business in California or a U.S. Domestic Insurer as reasonably approved by Grantor, including insurance coverage against claims for injuries to persons or damage to property which may arise from the access or use of the Parking Easement Area by Grantee or its agents, representatives, employees, tenants, contractors or Authorized Users, as follows:

7.1.1. General Liability Insurance: \$1,000,000.00 combined single limit per occurrence for bodily injury, personal injury and property damage.

7.1.2. Automobile Insurance: Automobile liability insurance with limits of at least \$100,000.00 combined single limit per accident for bodily injury and property damage or as reasonably approved in writing by the County and Grantor.

7.1.3. Any deductibles or self-insured retentions must be declared and approved by Grantor. At the option of Grantor, either the insurer shall reduce or eliminate such deductibles or self-insured retentions concerning Grantor and Grantor's officers, officials, employees and agents; or Grantees shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses. The preceding to the contrary notwithstanding, any deductible of \$10,000 (in 2001 dollars and subject to adjustment for inflation) or less shall be deemed approved by Grantor and shall not be subject to reduction or elimination at the option of Grantor as provided in this Section 7.1.3.

114646 SEP 27 01



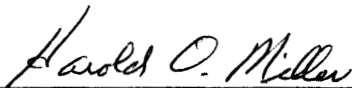
- 7.1.4. Grantor and Grantor's officers, officials, employees, and agents shall be named as additional insureds by separate endorsement on Grantees' policy of General Liability Insurance.
- 7.1.5. Each Grantee's General Liability Insurance coverage shall be primary over insurance carried by Grantor and Grantor's officers, officials, employees and agents. Any insurance or self-insurance maintained by Grantor or Grantor's officers, officials, employees, and agents shall be excess of Grantees' insurance and shall not contribute with Grantees' insurance.
- 7.1.6. Each Grantee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- 7.1.7. Grantees shall, at least annually, provide certificates of insurance evidencing the insurance required herein.

8. RUNS WITH THE LAND AND BINDING ON SUCCESSORS AND ASSIGNS. The rights granted under this Agreement shall run with the land and inure to the benefit of and be binding upon Grantor and Grantee, their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

*Grantee:*

**Milmor Associates, a California Limited Partnership**

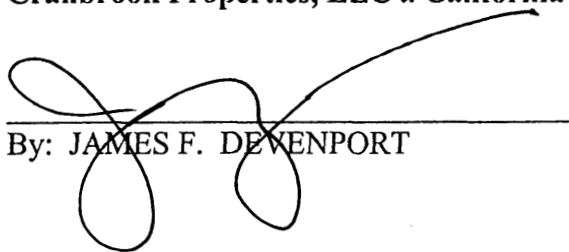


By: HAROLD O. MILLER, General Partner

By: HUBERT E. MILLER, General Partner

*Grantee:*

**Cranbrook Properties, LLC a California Limited Liability Company**



By: JAMES F. DEVENPORT

114646 SEP 27 01

State of California )  
 ) ss.  
County of Stanislaus )

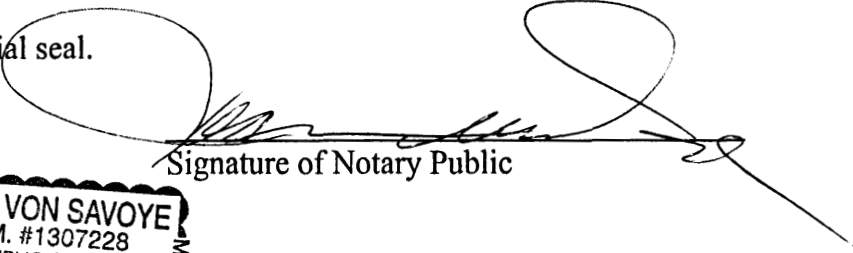
On 9-25-01, before me, Joanne von Savoye,  
personally appeared Harold O. Miller,

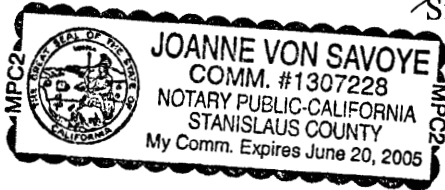
personally known to me  
OR

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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

  
Signature of Notary Public



- 7.1.4. Grantor and Grantor's officers, officials, employees, and agents shall be named as additional insureds by separate endorsement on Grantees' policy of General Liability Insurance.
- 7.1.5. Each Grantee's General Liability Insurance coverage shall be primary over insurance carried by Grantor and Grantor's officers, officials, employees and agents. Any insurance or self-insurance maintained by Grantor or Grantor's officers, officials, employees, and agents shall be excess of Grantees' insurance and shall not contribute with Grantees' insurance.
- 7.1.6. Each Grantee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- 7.1.7. Grantees shall, at least annually, provide certificates of insurance evidencing the insurance required herein.

8. RUNS WITH THE LAND AND BINDING ON SUCCESSORS AND ASSIGNS. The rights granted under this Agreement shall run with the land and inure to the benefit of and be binding upon Grantor and Grantee, their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

Grantee:

**Milmor Associates, a California Limited Partnership**

By: HAROLD O. MILLER, General Partner

Hubert E. Miller  
By: HUBERT E. MILLER, General Partner

Grantee:

**Cranbrook Properties, LLC a California Limited Liability Company**

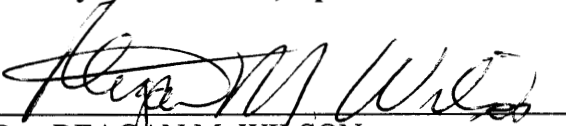
By: JAMES F. DEVENPORT

*Subscribed and sworn before me this 20<sup>th</sup> day of September, 2001 by Hubert E. Miller - Commonwealth of Va.*  
*Forrest D. Kuehl*  
*NOTARY My Comm Exp 2-28-02*

114646 SEP 27 01

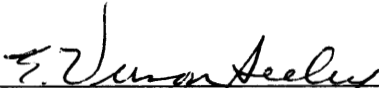
*Grantor:*

**County of Stanislaus, a political subdivision of the State of California**



By: REAGAN M. WILSON  
Chief Executive Officer

*Approved as to form:*



MICHAEL H. KRAUSNICK  
Stanislaus County Counsel

114646 SEP 27 01

State of California )  
 ) ss.  
County of Stanislaus )

On September 19, 2001, before me, Kathleen M Herman, Notary Public  
personally appeared Reagan M Wilson

personally known to me

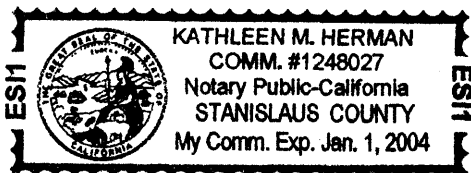
OR

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 same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Kathleen M Herman  
Signature of Notary Public



10 17 JIS 9494 11

135 - 53 - 05  
 PARCEL "1"  
 28-PM-31

N53°24'02"E 655.93'

N00°00'29"W 541.98'

SISK ROAD

135 - 53 - 06  
 PARCEL "2"  
 28-PM-31

Grantor's Property

STATE HIGHWAY 99

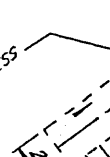
N36°35'58"W 436.00'

P.O.B.  
 ACCESS  
 EASEMENT

P.O.B.  
 PARKING  
 EASEMENT

PROPOSED ACCESS  
 EASEMENT

S53°24'02"W 192.75'



AREA OF PARKING EASEMENT  
 (9x19x17=2,907 SQ. FT)

N53°24'02"E 334.00'

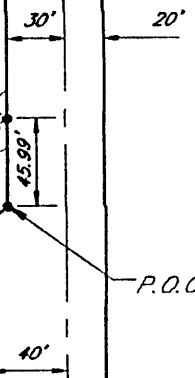
Milmor  
 Property

135 - 53 - 07  
 PARCEL "2"  
 44-PM-64

Cranbrook  
 Property

135 - 53 - 08  
 PARCEL "2"  
 44-PM-64

SCALE: N 1"=100'



14646 SEP 27 01



**HAWKINS & ASSOCIATES**  
**ENGINEERING**  
 436 MITCHELL RD.  
 MODESTO, CA. 95354  
 PH: (209) 575 - 4295  
 FX: (209) 578 - 4295

**EXHIBIT "A"**  
**PARKING EASEMENT**

APN: 135 - 42 - 22  
 SANISLAUS COUNTY, CALIFORNIA

BY: DRF.  
 CHK: RHH.  
 DATE: 9/5/01  
 SCALE: 1" = 100'  
 JOB #: 2264  
 FILE: 2264\_BKTCM

SHEET  
 1.  
 OF  
 1.

**EXHIBIT "A"**  
**ACCESS AND PARKING EASEMENT**  
PARCEL 2 (28-PM-31)

Being an Access and Parking Easement lying within Parcel 2 of the Parcel map recorded in Volume 28 of Parcel Maps at Page 31 Stanislaus County records, lying within the Northwest Quarter of Section 3, Township 3 South, Range 8 East, Mount Diablo Base and Meridian, City of Modesto, County of Stanislaus, State of California, more particularly described as follows;

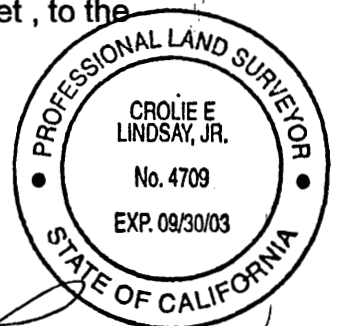
An Access Easement, the centerline of which is more particularly described as follows:

COMMENCING at the southeast corner of said Parcel 2, said corner being a point on the westerly right-of-way line of Sisk Road; thence North 0°09'29" West along said right-of-way line a distance of 45.99 feet to the POINT OF BEGINNING: Thence South 53°24'02 West, along a line being parallel to and 37.00 feet distant from the southeasterly line of said Parcel 2, a distance of 192.75 feet, to the POINT OF TERMINATION of this description.

Together with an Easement for Parking:

COMMENCING at the southeast corner of said Parcel 2, said corner being a point on the westerly right-of-way line of Sisk Road; thence North 0°09'29" West along said right-of-way line a distance of 45.99 feet; thence South 53°24'02 West, along a line being parallel to and 37.00 feet distant from the southeasterly line of said Parcel 2, a distance of 39.75 feet; thence South 36°35'58" East, a distance of 12.00 feet to the POINT OF BEGINNING: Thence continuing South 36°35'58" East, a distance of 19.00 feet to a point lying 6.00 feet northwest at a right angle from the southeasterly line of said Parcel 2; thence South 53°24'02 West, along a line being parallel to the southeasterly line of Parcel 2, a distance of 153.00 feet; thence North 36°35'58" West, a distance of 19.00 feet to a point 25.00 feet distant, measured at right angles, from the southeasterly line of said Parcel 2; thence North 53°24'02 East, along a line being parallel to the southeasterly line of said Parcel 2, a distance of 153.00 feet, to the POINT OF BEGINNING.

Subject to all easements and /or rights-of-way of record.



*Crolie Lindsay*  
Crolie Lindsay, L.S. 4709

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA

COUNTY OF STANISLAUS

On this 20<sup>th</sup> day of September, 2001, before me, Sue K. Rasmussen, a Notary Public in and for the State of California, personally appeared James F. Devenport, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Sue K. Rasmussen



My commission expires July 20, 2002.

**OPTIONAL INFORMATION**

TITLE OR TYPE OF DOCUMENT (Parking Easement Agreement)

DATE OF DOCUMENT N/A

NUMBER OF PAGES Six (6) pages plus Exhibit A

114646 SEP 27 01





Stanislaus, County Recorder  
Karen Mathews Co Recorder Office  
**DOC- 2001-0114643-00**

Acct 503-First American Title Co  
Thursday, SEP 27, 2001 08:00:00  
Ttl Pd \$26.00 Nbr-0000803350  
ELM/R1/1-7

RECORDING REQUESTED BY  
FIRST AMERICAN TITLE INSURANCE CO.  
AND WHEN RECORDED MAIL TO:

*County of Stanislaus  
40 Reen & Rein  
715 14th St  
Modesto, CA 95354*

Escrow No. 71055-JS

Space Above This Line for Recorder's Use Only

**TITLE(S)**

**QUITCLAIM OF EASEMENTS**

Cranbrook Properties, LLC, a California limited liability Company; Miller Brothers Partnership, a California general partnership; Milmor Associates, a California limited partnership; and Chandrakant N. Khatri and Manjula C. Khatri, husband and wife, successors in interest to Aaron B. Miller and Rachel L. Miller, Husband and Wife and Hubert E. Miller and Mildred E. Miller, husband and wife and Harold O. Miller and Marjorie E. Miller, husband and wife hereby declare:

The undersigned hereby terminates, remise, release and forever quitclaims all easement interests to include the mutual, reciprocal and nonexclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular (including trucks of all sizes), for purposes of ingress and egress, as contained in that certian "Easement Agreement" recorded February 8, 1980 as Instrument No. 49878 Book 3287 page 224, Stanislaus County Records.

September 27, 2001

CRANBROOK PROPERTIES, LLC,  
a California limited liability company

By: \_\_\_\_\_  
James F. Davenport

*[Signature]*  
\_\_\_\_\_  
Chandrakant N. Khatri

*[Signature]*  
\_\_\_\_\_  
Manjula C. Khatri

F.A.T.

114643 SEP 27 01

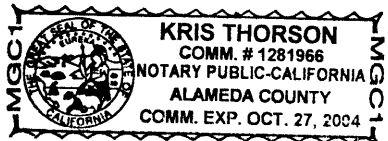
*[Handwritten mark]*

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA )SS
COUNTY OF Alameda )

On Sept 7, 2001 before me, Kris Thorson
personally appeared CHANDRAKANT N. KHANTRI And Manjula C. Khatri
personally known to me (or 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
Signature [Signature]



This area for official notarial seal.

OPTIONAL SECTION
CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- [ ] INDIVIDUAL
[ ] CORPORATE OFFICER(S) TITLE(S)
[ ] PARTNER(S) - [ ] LIMITED [ ] GENERAL
[ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN/CONSERVATOR
[ ] OTHER

SIGNER IS REPRESENTING:

Name of Person or Entity Name of Person or Entity

OPTIONAL SECTION

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW

TITLE OR TYPE OF DOCUMENT:
NUMBER OF PAGES DATE OF DOCUMENT
SIGNER(S) OTHER THAN NAMED ABOVE

FILED SEP 27 2001

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

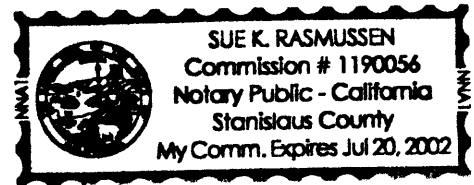
STATE OF CALIFORNIA

COUNTY OF STANISLAUS

On this 20<sup>th</sup> day of September, 2001, before me, Sue K. Rasmussen, a Notary Public in and for the State of California, personally appeared James F. Devenport, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Sue K. Rasmussen*



My commission expires July 20, 2002.

**OPTIONAL INFORMATION**

TITLE OR TYPE OF DOCUMENT (Quitclaim of Easements)

DATE OF DOCUMENT N/A

NUMBER OF PAGES Two (2) pages

114643 SEP 27 01

Milmor Associates, a California limited partnership

By: Harold O. Miller  
Harold O. Miller, general partner

By: \_\_\_\_\_  
Hubert E. Miller, general partner

Miller Brothers partnership, a California general partnership

By: A. B. Miller & Sons, a California limited partnership

By: Aaron B. Miller  
Aaron B. Miller, general partner  
Rachel L. Miller  
Rachel L. Miller, General partner

By: Hubert and Mildred Miller Family Limited Partnership, a California limited partnership

By: \_\_\_\_\_  
Hubert E. Miller, general partner

By: \_\_\_\_\_  
Mildred E. Miller, general partner

By: Harold O. Miller & Sons, a California limited partnership

By: Harold O. Miller  
Harold O. Miller, general partner

By: Marjorie E. Miller  
Marjorie E. Miller, general partner

114643 SEP 27 01

Milmor Associates, a California limited partnership

By: \_\_\_\_\_  
Harold O. Miller, general partner

By: Hubert E. Miller  
Hubert E. Miller, general partner

Miller Brothers partnership, a California general partnership

By: A. B. Miller & Sons, a California limited partnership

BY: Aaron B. Miller, general partner

Rachel L. Miller, General partner

By: Hubert and Mildred Miller Family Limited Partnership, a California limited partnership

By: Hubert E. Miller  
Hubert E. Miller, general partner

By: Mildred E. Miller  
Mildred E. Miller, general partner

By: Harold O. Miller & Sons, a California limited partnership

By: \_\_\_\_\_  
Harold O. Miller, general partner

By: \_\_\_\_\_  
Marjorie E. Miller, general partner

4643 SEP 27 01

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

VIRGINIA  
STATE OF CALIFORNIA )  
COUNTY OF FRANKLIN )

RONNIE D. PICKRAL

On 9-20-01 before me, Hubert E. Miller + Mildred E. Miller  
personally appeared HUBERT E MILLER & MILDRED E MILLER  
personally known to me (or 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.

Signature [Signature]  
My Comm. Exp. 2-28-02

This area for official notarial seal.

OPTIONAL SECTION  
CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- INDIVIDUAL
- CORPORATE OFFICER(S) \_\_\_\_\_ TITLE(S)
- PARTNER(S) -  LIMITED  GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER \_\_\_\_\_

SIGNER IS REPRESENTING:

\_\_\_\_\_  
Name of Person or Entity

\_\_\_\_\_  
Name of Person or Entity

OPTIONAL SECTION

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW

TITLE OR TYPE OF DOCUMENT: \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

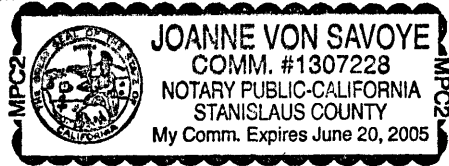
STATE OF CALIFORNIA )SS
COUNTY OF Stanislaus )

On September 25, 2001 before me, Joanne von Savoye personally appeared Harold O. Miller, Aaron B. Miller, Rachel L. Miller and Marjorie E. Miller, personally known to me (or 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.

Signature

[Handwritten signature]



This area for official notarial seal.

OPTIONAL SECTION
CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- [ ] INDIVIDUAL
[ ] CORPORATE OFFICER(S) TITLE(S)
[ ] PARTNER(S) - [ ] LIMITED [ ] GENERAL
[ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN/CONSERVATOR
[ ] OTHER

SIGNER IS REPRESENTING:

Name of Person or Entity Name of Person or Entity

OPTIONAL SECTION

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW

TITLE OR TYPE OF DOCUMENT:

NUMBER OF PAGES DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

114643 SEP 27 01



## First American Title Company

P.O. BOX 3425 • MODESTO, CA 95353 • 1506 "H" STREET • MODESTO, CA 95354 • (209) 529-5000 • FAX (209) 527-6676

Escrow No. 71055-B  
Reference: 4835 Sisk Road  
Modesto, CA

Closing Date: September 27, 2001  
Page 1 /JV

### Buyer CLOSING STATEMENT

**BUYER:**  
County of Stanislaus, a political subdivision  
715 14th Street  
Modesto, CA 95354

	- - DEBITS - -	- - CREDITS - -
<b>Consideration:</b>		
Total Consideration	1,900,000.00	
<b>Deposits:</b>		
Deposit		
By: transfer from 71055-JS		1,900,000.00
<b>Totals</b>	<b>\$ 1,900,000.00</b>	<b>\$ 1,900,000.00</b>

SAVE FOR INCOME TAX PURPOSES

First installment taxes are due November 1st, and delinquent December 10th.  
Second installment taxes are due February 1st, and delinquent April 10th.  
If you do not receive a tax bill from the tax collector, or the Seller, it is  
your responsibility to contact the tax collector's office for a duplicate bill.



2.0265 A.     <p style="text-align: center;"><b>Final</b></p> <p style="text-align: center;"><b>SETTLEMENT STATEMENT</b></p> <p style="text-align: center;">U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</p>	B. TYPE OF LOAN 1. [ ] FHA    2. [ ] FMHA    3. [ ] CONV. UNINS. 4. [ ] VA    5. [ ] CONV. INS. 6. File Number: (Escrow)    7. Loan Number: 71055-B    /JV 8. Mortgage Insurance Case Number:
--	--

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c)" were paid outside the closing; they are shown here for information purposes and are not included in the totals.

D. NAME OF BORROWER: **County of Stanislaus, a political subdivision**  
**715 14th Street, Modesto CA 95354**

E. NAME OF SELLER: **First Guaranty Exchange (313333-1 R-3 Realty)**  
**1737 North First Street, Suite 460, San Jose CA 95112**

F. NAME OF LENDER:	G. PROPERTY LOCATION: <b>4835 Sisk Road</b> <b>Modesto, CA</b>
--------------------	--

H. SETTLEMENT AGENT: <b>First American Title Co.</b> <b>1506 "H" Street, Modesto CA 95354</b>	I. SETTLEMENT DATE: <b>September 27, 2001</b>
--	--

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. Gross Amount Due From Borrower:		400. Gross Amount Due To Seller:	
101. Contract sales price	1,900,000.00	401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)		403.	
104.		404.	
105.		405.	
<i>Adjustments for items paid by seller in advance</i>		<i>Adjustments for items paid by seller in advance</i>	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
117.		417.	
118.		418.	
<b>120. Gross Amount Due From Borrower</b>	<b>1,900,000.00</b>	<b>420. Gross Amount Due To Seller:</b>	
200. Amounts Paid by or in Behalf of Borrower		500. Reductions In Amount Due From Seller:	
201. Deposit or earnest money *	1,900,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan		502. Settlement charges to seller (line 1400)	
203. Existing loan taken subject to		503. Existing loan taken subject to	
204. Second mortgage loan		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
<i>Adjustments for items unpaid by seller</i>		<i>Adjustments for items unpaid by seller</i>	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
<b>220. Total Paid By/For Borrower:</b>	<b>1,900,000.00</b>	<b>520. Total Reduction Amount Due</b>	
300. Cash At Settlement From/To Borrower:		600. Cash At Settlement To/From Seller:	
301. Gross amount due from borrower (line 120)	1,900,000.00	601. Gross amount due to seller (line 420)	
302. Less amount paid by borrower (line 220)	1,900,000.00	602. Less reductions in amount due seller(#520)	
303. CASH ( X FROM ) ( TO) BORROWER	.00	603. CASH ( TO ) ( FROM) SELLER	

\* REFER TO ATTACHED DETAIL STATEMENTS

SECTION L		PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL SALES/BROKER'S COMMISSION Based on price \$ Division of Commission (Line 700) as follows:			
701.	\$ to		
702.	\$ to		
703.	Commission Paid at settlement		
704.			
705.			
706.			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN			
801.	Loan Origination Fee		
802.	Loan Discount		
803.	Appraisal Fee		
804.	Credit Report		
805.	Lender's Inspection Fee		
806.	Mortgage Insurance Application Fee to		
807.	Assumption Fee		
808.			
809.			
810.			
811.			
812.			
813.			
814.			
815.			
816.			
817.			
818.			
819.			
820.			
821.			
822.			
823.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			
901.	Interest from @ \$ /day		
902.	Mortgage Insurance Premium		
903.	Hazard Insurance Premium to		
904.	Flood Insurance Premium to		
905.			
906.			
907.			
1000. RESERVES DEPOSITED WITH LENDER FOR			
1001.	Hazard Insurance months @ \$ per month		
1002.	Mortgage Insurance months @ \$ per month		
1003.	City property taxes months @ \$ per month		
1004.	County property taxes months @ \$ per month		
1005.	Annual assessments months @ \$ per month		
1006.	Flood Insurance months @ \$ per month		
1007.	months @ \$ per month		
1100. TITLE CHARGES			
1101.	Settlement or closing fee to		
1102.	Abstract or closing fee to		
1103.	Title examination to		
1104.	Title Insurance binder to		
1105.	Document preparation to		
1106.	Notary fees to		
1107.	Attorney's fees to		
1108.	Title Insurance to		
1109.	Lender's coverage \$		
1110.	Owner's coverage \$		
1111.			
1112.			
1113.			
1114.			
1115.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201.	Recording fees: Deed \$ ;Mortgage \$ ;Releases \$		
1202.	City/county tax/stamps: Deed \$ ;Mortgage \$		
1203.	State tax/stamps: Deed \$ ;Mortgage \$		
1204.			
1205.			
1206.			
1207.			
1300. ADDITIONAL SETTLEMENT CHARGES			
1301.	Survey to		
1302.	Pest Inspection to		
1303.			
1304.			
1305.			
1306.			
1307.			
1308.			
1309.			
1310.			
1311.			
1312.			
1313.			
1314.			
1315.			
1316.			
1317.			
1318.			
1319.			
1320.			
1321.	Funds held for:		
1400.	TOTAL SETTLEMENT CHARGES (Enter on lines 103, Section J and 502, Sections K)		

Final

SETTLEMENT STATEMENT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ATTACHMENT

PAGE: 1

FILE NUMBER (ESCROW): 71055-B /JV

SETTLEMENT DATE: 09/27/01

BORROWER(S)

SELLERS(S)

County of Stanislaus, a political subdivision

First Guaranty Exchange (313333-1 R-3 Realty)

LENDER:

PROPERTY LOCATED AT: 4835 Sisk Road  
Modesto, CA

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- PAGE 1 -

J. SUMMARY OF BORROWER'S TRANSACTION

201. DEPOSIT OR EARNEST MONEY

Deposit

1,900,000.00

\$ 1,900,000.00

<p>2-0265 A. <b>Final</b></p> <p align="center"><b>SETTLEMENT STATEMENT</b></p> <p><b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b></p>		<p><b>B. TYPE OF LOAN</b></p> <p>1. [ ] FHA    2. [ ] FMHA    3. [ ] CONV. UNINS.          4. [ ] VA    5. [ ] CONV. INS.          6. File Number: (Escrow)    7. Loan Number:             71055-JS    /JV          8. Mortgage Insurance Case Number:</p>	
<p>C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c)" were paid outside the closing; they are shown here for information purposes and are not included in the totals.</p>			
<p>D. NAME OF BORROWER:    <b>County of Stanislaus</b>             715 14th Street, Modesto CA 95354</p>			
<p>E. NAME OF SELLER:    <b>Miller Brothers Partnership, a California Ptn</b>             4243 East Hatch Road, Hughson CA 95326</p>			
<p>F. NAME OF LENDER:</p>		<p>G. PROPERTY LOCATION:             4835 Sisk Road             Modesto, CA</p>	
<p>H. SETTLEMENT AGENT:    <b>First American Title Co.</b>             1506 "H" Street, Modesto CA 95354</p>			<p>I. SETTLEMENT DATE:             <b>September 27, 2001</b></p>
<p>J. SUMMARY OF BORROWER'S TRANSACTION</p>		<p>K. SUMMARY OF SELLER'S TRANSACTION</p>	
<p>100. Gross Amount Due From Borrower:</p>		<p>400. Gross Amount Due To Seller:</p>	
101. Contract sales price	2,425,000.00	401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	1,904,456.31	403.	
104.		404.	
105.		405.	
<i>Adjustments for items paid by seller in advance</i>		<i>Adjustments for items paid by seller in advance</i>	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
117.		417.	
118.		418.	
120. Gross Amount Due From Borrower	4,329,456.31	420. Gross Amount Due To Seller:	
200. Amounts Paid by or in Behalf of Borrower		500. Reductions In Amount Due From Seller:	
201. Deposit or earnest money	* 4,167,276.69	501. Excess deposit (see instructions)	
202. Principal amount of new loan		502. Settlement charges to seller (line 1400)	
203. Existing loan taken subject to		503. Existing loan taken subject to	
204. Second mortgage loan		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
<i>Adjustments for items unpaid by seller</i>		<i>Adjustments for items unpaid by seller</i>	
210. City/town taxes		510. City/town taxes	
211. County taxes 07/01/01-09/27/01	5,202.62	511. County taxes	
212. Assessments		512. Assessments	
213. Parking Easement/Miller	15,988.50	513.	
214. Parking easement/Cranbrook	15,988.50	514.	
215. Release of Sublease/HK	125,000.00	515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower:	4,329,456.31	520. Total Reduction Amount Due	
300. Cash At Settlement From/To Borrower:		600. Cash At Settlement To/From Seller:	
301. Gross amount due from borrower (line 120)	4,329,456.31	601. Gross amount due to seller (line 420)	
302. Less amount paid by borrower (line 220)	4,329,456.31	602. Less reductions in amount due seller(#520)	
303. CASH (X FROM) ( TO) BORROWER	.00	603. CASH ( TO) ( FROM) SELLER	

\* REFER TO ATTACHED DETAIL STATEMENTS

SECTION L	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL SALES/BROKER'S COMMISSION Based on price \$ Division of Commission (Line 700) as follows: 701. \$ to 702. \$ to 703. Commission Paid at settlement 704. 705. 706.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN 801. Loan Origination Fee 802. Loan Discount 803. Appraisal Fee 804. Credit Report 805. Lender's Inspection Fee 806. Mortgage Insurance Application Fee to 807. Assumption Fee 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823.		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE 901. Interest from @ \$ /day 902. Mortgage Insurance Premium 903. Hazard Insurance Premium to 904. Flood Insurance Premium to 905. 906. 907.		
1000. RESERVES DEPOSITED WITH LENDER FOR 1001. Hazard Insurance months @ \$ per month 1002. Mortgage Insurance months @ \$ per month 1003. City property taxes months @ \$ per month 1004. County property taxes months @ \$ per month 1005. Annual assessments months @ \$ per month 1006. Flood Insurance months @ \$ per month 1007. months @ \$ per month		
1100. TITLE CHARGES 1101. Settlement or closing fee to <b>First American Title Co.</b> 1,000.00 1102. Abstract or closing fee to 1103. Title examination to 1104. Title Insurance binder to 1105. Document preparation to 1106. Notary fees to 1107. Attorney's fees to 1108. Title Insurance to <b>First American Title Ins. Co.</b> 3,456.31 1109. Lender's coverage \$ 1110. Owner's coverage \$ 4200000.00/ 5473.91 1111. 1112. 1113. 1114. 1115.		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES 1201. Recording fees: Deed \$ ;Mortgage \$ ;Releases \$ 1202. City/county tax/stamps: Deed \$ ;Mortgage \$ 1203. State tax/stamps: Deed \$ ;Mortgage \$ 1204. 1205. 1206. 1207.		
1300. ADDITIONAL SETTLEMENT CHARGES 1301. Survey to 1302. Pest Inspection to 1303. 1304. 1305. 1306. 1307. transfer to 71055-B To First American Title 1,900,000.00 1308. 1309. 1310. 1311. 1312. 1313. 1314. 1315. 1316. 1317. 1318. 1319. 1320. 1321. Funds held for:		
1400. TOTAL SETTLEMENT CHARGES (Enter on lines 103, Section J and 502, Sections K)	1,904,456.31	

Final

SETTLEMENT STATEMENT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ATTACHMENT

PAGE: 1

FILE NUMBER (ESCROW): 71055-JS /JV

SETTLEMENT DATE: 09/27/01

BORROWER(S)

SELLERS(S)

County of Stanislaus

Miller Brothers Partnership, a California Ptn

LENDER:

PROPERTY LOCATED AT: 4835 Sisk Road  
Modesto, CA

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- PAGE 1 -

J. SUMMARY OF BORROWER'S TRANSACTION

<b>201. DEPOSIT OR EARNEST MONEY</b>		<b>\$</b>	<b>4,167,276.69</b>
Deposit	4,167,276.69		
<b>211. COUNTY TAXES</b>		<b>\$</b>	<b>5,202.62</b>
County Taxes	5,202.62		
at \$ 10889.20 per 6 months			
From 07/01/01 To 09/27/01			



## First American Title Company

P.O. BOX 3425 • MODESTO, CA 95353 • 1506 "H" STREET • MODESTO, CA 95354 • (209) 529-5000 • FAX (209) 527-6676

**Escrow No.** 71055-JS  
**Reference:** 4835 Sisk Road  
Modesto, CA

**Closing Date:** September 27, 2001  
Page 1 /JV

### Buyer CLOSING STATEMENT

**BUYER:**  
County of Stanislaus  
715 14th Street  
Modesto, CA 95354

	- - DEBITS - -	- - CREDITS - -
<b>Consideration:</b>		
Total Consideration/Fee title	2,425,000.00	
<b>Deposits:</b>		
Deposit		
By: County of Stanislaus		4,167,276.69
<b>Adjustments:</b>		
Parking Easement/Miller		15,988.50
Parking easement/Cranbrook		15,988.50
Release of Sublease/HK		125,000.00
<b>Prorations:</b>		
County Taxes		5,202.62
at \$ 10889.20 per 6 months		
From 07/01/01 to 09/27/01		
<b>Disbursements Paid:</b>		
transfer to 71055-B	1,900,000.00	
pd to: First American Title		
<b>Title Charges:</b>		
Owner Title Policy 1/2	3,456.31	
<b>Escrow Fees:</b>		
Escrow Fees	1,000.00	
<b>Totals</b>	<b>\$ 4,329,456.31</b>	<b>\$ 4,329,456.31</b>

SAVE FOR INCOME TAX PURPOSES

First installment taxes are due November 1st, and delinquent December 10th.  
Second installment taxes are due February 1st, and delinquent April 10th.  
If you do not receive a tax bill from the tax collector, or the Seller, it is  
your responsibility to contact the tax collector's office for a duplicate bill.

12  
RECORDING REQUESTED BY  
FIRST AMERICAN TITLE INS. CO.  
AND WHEN RECORDED MAIL TO:  
County of Stanislaus  
C/O Rein & Rein  
715 14th Street  
Modesto, Ca. 95354

Stanislaus, County Recorder  
Karen Mathews Co Recorder Office  
DOC- 2001-0114644-00  
Acct 503-First American Title Co  
Thursday, SEP 27, 2001 08:00:00  
Ttl Pd \$0.00 Nbr-0000803351  
ELM/R1/1-5

Space Above This Line for Recorder's Use Only

A.P.N.: 135-42-22-400

Order No.: 71055-JS

Escrow No.: 71055-JS

## GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY EXEMPT  
[ ] computed on full value of property conveyed, or  
[ ] computed on full value less value of liens or encumbrances remaining at time of sale,  
[ ] unincorporated area; [ X ] City of Modesto, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,

**Miller Brothers Partnership, a California general partnership**

hereby GRANT(S) to  
**County of Stanislaus, a political subdivision of the State of California**

the following described property in the City of Modesto, County of Stanislaus State of California;

See Exhibit "A" attached hereto and made a part hereof.

F.A.T.

114644 SEP 27 01

GRANT DEED CONTINUED ON NEXT PAGE

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A.P.N.:

CONTINUATION OF GRANT DEED

Miller Brothers Partnership, a California general partnership

By: **A. B. Miller & Sons, a California limited Partnership**

By: *Aaron B. Miller*  
Aaron B. Miller, General Partners

*Rachel L. Miller*  
Rachel L. Miller, General Partner

By: **Hubert and Mildred Miller Family Limited Partnership, a California limited partnership**

By: \_\_\_\_\_  
Hubert E. Miller, General Partner

By: \_\_\_\_\_  
Mildred E. Miller, General Partner

By: **Harold O. Miller & Sons, a California limited partnership**

By: *Harold O. Miller*  
Harold O. Miller, General Partner

By: *Marjorie E. Miller*  
Marjorie E. Miller, General Partner

Document Date: August 29, 2001

STATE OF CALIFORNIA )  
COUNTY OF Stanislaus )SS

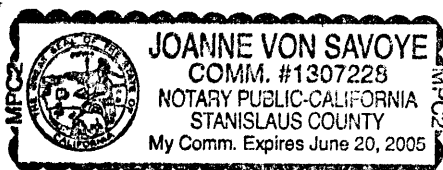
On 9-25-01 before me, Joanne Von Savoy  
personally appeared Aaron B. Miller, Rachel L. Miller, Harold O. Miller & Marjorie E. Miller

personally known to me (or 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.

Signature *Joanne Von Savoy*

This area for official notarial seal.



114644 SEP 27 01

A.P.N.:

CONTINUATION OF GRANT DEED

Miller Brothers Partnership, a California general partnership

By: A. B. Miller & Sons, a California limited Partnership

By: \_\_\_\_\_  
Aaron B. Miller, General Partners

\_\_\_\_\_  
Rachel L. Miller, General Partner

By: Hubert and Mildred Miller Family Limited Partnership, a California limited partnership

By: Hubert E. Miller  
Hubert E. Miller, General Partner

By: Mildred E. Miller  
Mildred E. Miller, General Partner

By: Harold O. Miller & Sons, a California limited partnership

By: \_\_\_\_\_  
Harold O. Miller, General Partner

By: \_\_\_\_\_  
Marjorie E. Miller, General Partner

Document Date: August 29, 2001

VIRGINIA  
STATE OF CALIFORNIA )  
COUNTY OF FRANKLIN )

Ronnie D. Pickral

On 9-20-01 before me, Hubert E. Miller & Mildred E. Miller  
personally appeared HUBERT E. MILLER & MILDRED E. MILLER

personally known to me (or 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.

Signature Ronnie D. Pickral

My Comm. Exp. 2-28-02

This area for official notarial seal.

10/17/01 SEP 27 01

EXHIBIT "A"

All that certain real property situate in the, County of Stanislaus, State of California, described as follows:

PARCEL NO. 1:

PARCEL 2 AS SHOWN UPON THAT CERTAIN PARCEL MAP FILED DECEMBER 4, 1978 IN VOLUME 28 OF PARCEL MAPS, AT PAGE 31, STANISLAUS COUNTY RECORDS, BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 3, TOWNSHIP 3 SOUTH, RANGE 8 EAST, MOUNT DIABLO BASE AND MERIDIAN.

PARCEL NO. 2:

30 FOOT WIDE ACCESS EASEMENT DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF PARCEL "C" AS SHOWN ON THE MAP FILED IN BOOK 6 OF PARCEL MAPS, AT PAGE 47, STANISLAUS COUNTY RECORDS AND THAT PORTION OF PARCEL "1" AS SHOWN ON THE MAP FILED IN BOOK 28 OF PARCEL MAPS, AT PAGE 31, STANISLAUS COUNTY RECORDS, LYING IN SECTION 3, TOWNSHIP 3 SOUTH, RANGE 8 EAST, MOUNT DIABLO BASE AND MERIDIAN, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST CORNER OF SAID PARCEL "C" BEING ON THE SOUTHEASTERLY LINE OF EAST BROADWAY; THENCE NORTH 46 DEGREES 57' 11" EAST, 13.85 FEET ALONG SAID SOUTHEASTERLY LINE TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS IF 950.00 FEET AND A CENTRAL ANGLE OF 0 DEGREES 57' 38"; THENCE NORTHEASTERLY 15.93 FEET ALONG THE ARC OF SAID CURVE AND SAID SOUTHEASTERLY LINE OF EAST BROADWAY; THENCE SOUTH 42 DEGREES 51' 39" EAST, 239.01 FEET PARALLEL WITH AND 30.00 FEET NORTHEASTERLY OF THE SOUTHWEST LINE OF SAID PARCEL "C"; THENCE SOUTH 10 DEGREES 32' 10" EAST, 217.02 FEET TO THE SOUTHEAST LINE OF SAID PARCEL "1"; THENCE SOUTH 53 DEGREES 24' 02" WEST, 33.40 FEET ALONG SAID SOUTHEAST LINE; THENCE NORTH 10 DEGREES 32' 10" WEST, 223.41 FEET TO THE SOUTH CORNER OF SAID PARCEL "C"; THENCE NORTH 42 DEGREES 51' 39" WEST, 230.00 FEET ALONG THE SOUTHWEST LINE OF SAID PARCEL "C" TO THE POINT OF BEGINNING, BY DOCUMENT RECORDED FEBRUARY 8, 1980 IN VOLUME 3287 OF OFFICIAL RECORDS, AT PAGE 224, AS INSTRUMENT NO. 49878.

APN: 135-42-22-400

114611 SEP 27 01

**CERTIFICATE OF ACCEPTANCE OF GRANT DEED**

This is to certify that the interest in real property conveyed by this grant deed to the County of Stanislaus is hereby accepted pursuant to that agenda item approved by the Board of Supervisors on September, 18, 2001, and the County of Stanislaus consents to recordation thereof.

Dated: September 18, 2001

COUNTY OF STANISLAUS

By: Patricia Hill Thomas  
Patricia Hill Thomas  
Assistant Executive Officer

114644 SEP 27 01

MICHAEL A. REIN  
TERESA VIG REIN

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**REIN & REIN**  
A PROFESSIONAL LAW CORPORATION

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(209)544-3688  
FAX: (209)544-3695

715 14<sup>TH</sup> STREET  
MODESTO, CA 95354

**TRANSMITTAL MEMO**

July 21, 2003

To:

Clerk to the Board of Supervisors

Re: Salida Regional Library  
Purchase of Property Located at 4835 Sisk Road, Salida  
Agenda Item September 18, 2001, Item B-16

From: Terry Rein  
Cell (209)988-2444

Enclosures: - Original Easement Agreement  
- Original Policy of Title Insurance

Remarks: For your information and files. Thank you!