

REAL ESTATE PURCHASE AND SALE AGREEMENT

AND ESCROW INSTRUCTIONS

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") is made and entered into as of the ____ day of November, 2020 (the "Effective Date"), by and between Reno Motel Investments, Inc., a California Corporation ("Seller"), and the County of San Mateo, a political subdivision of the State of California ("Buyer" or "County").

WITNESSETH:

In consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **AGREEMENT TO PURCHASE AND SELL.** Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller the following described property in accordance with the terms and conditions of this Agreement:

a. The real property and improvements located at 2610 El Camino Real, in Redwood City, California, also known as the Pacific Inn, identified as San Mateo County Assessor's Parcel Number 059-162-520, all as more particularly described on **EXHIBIT A**, attached hereto and incorporated herein by this reference (the "Property"); and

b. All fixtures, furniture and equipment existing on the Property, used in Seller's hotel operations, existing at the time of execution of this Agreement ("Schedule of FF&E's") and described on **EXHIBIT B**, attached hereto and incorporated herein by this reference, shall be included in the sale of the Property. Seller shall sign and deliver to escrow a copy of the Schedule of FF&E's concurrently with the Grant Deed transferring title to the Property. Buyer shall sign and deliver a copy of the Schedule of FF&E's to escrow concurrently with a Certificate of Acceptance to be recorded with the Grant Deed, accepting title to the Property.

2. **SALE AND PURCHASE PRICE.** Subject to the terms and conditions contained in this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, fee ownership of the Property, subject to the following:

a. The total purchase price for the Property shall be TWENTY-ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$21,500,000).

b. Upon final execution by Buyer, Buyer shall return a duplicate original of this Agreement to Seller, and shall open escrow pursuant to Section 3 hereof, and shall deliver to the Escrow Holder a copy of this Agreement.

c. Escrow shall be open until December 2, 2020, to allow Buyer to complete its investigation of the Property, and to satisfy all conditions described herein (the "Due Diligence Period").

d. During the Due Diligence Period, Buyer may, in its sole and absolute discretion, elect to terminate this Agreement based upon any of the following:

- i. Its review and investigation of the condition of the Property, which may include but shall not be limited to an Environmental Site Assessment and review of any potential environmental hazards, and a Property Condition Report, or any other studies related to the condition of the Property or title to the Property; or
- ii. Its review and approval of the list of fixtures, furniture and equipment existing on the Property and/or used in Seller's hotel operations, existing at the time of execution of this Agreement and described on EXHIBIT B hereof; or
- iii. A determination of the consistency of County's purchase of the Property with the applicable general plan pursuant to a California Government Code Section 65402 consistency finding and California Environmental Quality Act (CEQA) analysis, as required; or
- iv. Buyer's inability to complete any of the studies or actions set forth above.

e. If Buyer fails to deliver notice of its election to terminate on or before 5:00 p.m. on the last day of the Due Diligence Period, then Buyer shall be deemed to have waived this condition. If the last day of the Due Diligence Period falls on a weekend or holiday, the Due Diligence Period shall be extended until 5:00 p.m. of the following business day.

f. Within ten days of the opening of escrow, Seller will deliver to the Escrow Holder the Grant Deed which has been duly executed and acknowledged by Seller, in substantially the same form shown on **EXHIBIT C**, attached hereto and incorporated herein by reference.

g. At least one (1) day prior to the close of escrow, Buyer shall deposit with the Escrow Holder a Certificate of Acceptance for the Property which has been executed by Buyer, in substantially the same form shown on **EXHIBIT D**, attached hereto and incorporated herein by reference, and the purchase price plus costs of pro-rations, fees, and expenses pursuant to this Agreement.

h. Satisfaction of any CEQA requirements for this transaction as determined by Buyer, and final approval of consummation of the purchase and appropriation of funding by the County Board of Supervisors are express conditions precedent to Buyer's duty to purchase. Notwithstanding any other provision in this Agreement, Buyer, at Buyer's option, may extend escrow up to ten (10) days to permit the funding approval and appropriation by County Board of Supervisors. In the event Buyer opts to extend the escrow period pursuant to this section, Buyer shall provide written notice to Seller no later than 5:00 p.m. of the last day of the Due Diligence Period.

3. **ESCROW AND OTHER FEES:** Within three (3) days following the execution of this Agreement by Seller and Buyer, Buyer shall open escrow at First American Title Insurance Company, at 333 W. Santa Clara Street, Suite 220, San Jose, California, or at such other escrow company as may be agreed to by Seller and Buyer ("Escrow Holder"); with escrow instructions to

be based upon the terms and conditions set forth herein, and Buyer shall deliver a copy of this Agreement to the Escrow Holder. On behalf of Buyer, the San Mateo County Manager, or designee, shall execute the necessary escrow instructions and/or additional documents which may be required to complete the closing of this real property transaction. This Agreement shall become part of the escrow and shall constitute the basic instructions and documents as are reasonably required to complete the closing of the transaction contemplated herein, in accordance with the terms and conditions of this Agreement. In case of conflict between this Agreement and any related escrow documents, the terms of this Agreement shall control.

The Closing shall be on or before December 2, 2020, (the "Closing Date"), or such other date as the parties hereto shall mutually agree in writing. The "Closing" is defined as the satisfaction of all conditions herein stated, except those conditions that may be, and in fact are waived by an express written waiver duly executed by the waiving party; and the recordation of a Grant Deed and Certificate of Acceptance which shall vest title to the Property in Buyer, and the deposit of the Purchase Price by Buyer into escrow.

Escrow, title and other fees shall be paid as follows:

- i. Buyer shall pay all County Documentary Transfer Tax ("Transfer Tax"), and all recording costs.
- ii. A Standard California Land Title Association owner's policy of title insurance covering the Property shall be paid for by Buyer, in favor of Buyer in the amount of the Purchase Price subject to all of the title exceptions that may be permitted by Buyer.
- iii. Buyer shall pay for any additional title insurance coverage that may be required by Buyer, including any extended or ALTA coverage or endorsements to such policy requested by Buyer (to the extent available) together with the cost of any survey obtained by Buyer.
- iv. Insurance premiums (if any) shall not be prorated. All existing insurance policies (if any) shall be canceled at time of Closing and Buyer acknowledges and agrees that Seller cannot endorse any such existing insurance policies to Buyer.
- iv. Seller and Buyer shall each pay their own Escrow Holder's fees at the close of escrow.
- v. The following shall be prorated between Buyer and Seller as of 12:01 a.m. Pacific Time on the day upon which Closing occurs, on the basis of the actual number of days during the month in which the Closing occurs: utility charges, and any other matters typically prorated in the area where the Property is located shall be prorated between Seller and Buyer as of the Closing. Seller shall provide reasonable documentation to support the above items. Seller shall pay all general and special real property taxes, transfer occupancy taxes, and special assessments ("Taxes") in totality prior to closing.

Escrow Holder shall be obligated as follows:

- i. To provide current preliminary title reports covering the Property, at Buyer's expense.
- ii. To record prior to Closing, the Grant Deed and the Certificate of Acceptance to be recorded concurrently, vesting title to the Property in Buyer.
- iii. To issue or have issued to Buyer the California Land Title Association policy of title insurance required herein, and any extended.
- iv. Provide Buyer a final closing statement with certification by the title company.

4. **COMMISSION:** It is understood that Buyer represents itself in this transaction and that any commission paid to any agent or broker representing Seller in this transaction shall be paid by Seller.

5. **GOOD FAITH DISCLOSURE BY SELLER:** Seller shall make a good faith disclosure to Buyer of any and all facts, findings, or information on the Property, including without limitation those relating to: historical uses; prior permitted uses; current uses including, but not limited to, express or implied contracts, leases and/or permits; geological conditions; biological conditions; archaeological sites; flood hazard area(s); special studies zones; zoning reports; environmentally hazardous material such as dioxins, oils, solvents, waste disposal, gasoline tank leakage, pesticide use and spills, herbicide use or spills or any other substances and/or products of environmental contamination. Any and all facts or information known by Seller concerning the condition of the Property shall be delivered to Buyer no later than five (5) days following Buyer's execution of this Agreement.

If such facts or information provided by Seller disclose conditions that adversely affect the continued or contemplated use of the Property, and that Buyer reasonably deems unacceptable, or if Buyer otherwise discovers such facts or information through tests and/or surveys which disclose such conditions, and Seller is unwilling or unable to correct such conditions to the reasonable satisfaction of Buyer or any governmental body having jurisdiction, then Buyer may, at its sole option, terminate this Agreement. Within ten (10) business days of actual receipt of said disclosure information, Buyer shall notify Seller of the conditions it deems unacceptable and the corrections desired and request Seller, at Seller's expense, to correct the condition(s) affected thereby to the reasonable satisfaction of Buyer and/or any governmental body having jurisdiction. Failure to so correct shall be grounds for termination of this Agreement.

6. **INSPECTION BY BUYER:** Buyer, upon not less than 24-hour notice to the Seller, shall have the right of entry onto the Property to conduct such non-invasive and non-intrusive inspections and testing thereon as are, in Buyer's sole discretion, necessary to reasonably determine the condition of the Property. The scope of any such testing or inspection which requires physical sampling of all or any part of the Property shall be subject to:

- a. The prior written approval of Seller, which Seller may withhold or condition in its sole and absolute discretion.

- b. Seller's receipt of a certificate of insurance evidencing any insurance coverage reasonably required by Seller pursuant to this Section.
- c. The requirement that Buyer conduct all such inspections and testing, including the disposal of samples taken, in accordance with applicable law and at no cost or liability to Seller. Buyer shall complete such inspections and testing within the Due Diligence Period and shall restore all areas of the Property to its pre-test and pre-inspection condition as near as is practicable.

If any toxins or contaminants are discovered on the Property, Buyer shall notify Seller immediately, and Seller shall have the right, but not the responsibility to take any actions in response to such notifications that it deems necessary in its sole and absolute discretion. If Seller elects not to take actions in response to such notifications, then, notwithstanding other provisions contained herein, Seller and/or Buyer shall have the right (prior to the expiration of the Due Diligence Period) to terminate this Agreement with no further liability.

Buyer shall give Seller written notice prior to the commencement of any testing or inspections in, on or about the Property, and Seller shall have the right to post Notices of Testing, and/or Notices of Non-responsibility as provided by law. All testing on the Property shall keep the Property free and clear of claims, charges and/or liens for labor and materials, and Buyer shall defend, indemnify and save harmless Seller, its agents and employees from and against any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of, related to, or in connection with any such testing, inspection or entry by Buyer, its partners, officers, directors, members, shareholders, independent contractors, agents or employees.

7. TITLE AND DEED: Title to the Property is to be free of liens, encumbrances, restrictions, conditions, rights to possession or claims thereto (recorded and/or unrecorded) known to Seller, except:

- a. All covenants, conditions, restrictions, and reservations of record approved by Buyer.
- b. All easements or rights-of-way over the Property for public or quasi-public utility or public street purposes, if any, approved by Buyer.
- c. All exceptions contained in the preliminary title report as may be approved by Buyer.

Buyer shall have the right to review the preliminary title report and disapprove in writing any items disclosed in said report prior to the close of escrow. Seller shall have five (5) days from receipt of Buyer's notice of disapproval to correct the condition(s) that adversely affect the Property. Failure to correct shall be grounds for termination of this Agreement by Buyer.

Seller may request escrow to be extended for ten (10) days where there is a need for Seller to correct an adverse condition unless Seller refuses to correct such condition or unless correction requires more than ten (10) days in which case escrow shall be extended to the date of refusal or date of correction respectively.

8. **REPRESENTATIONS AND WARRANTIES OF BUYER:** Buyer represents and warrants to Seller that the following statements are true and correct and shall be true and correct as if originally made on and as of the Closing:

(a) Buyer has full power and authority to enter into and perform this Agreement and all documents and instruments to be executed by Buyer pursuant to this Agreement (collectively, "Buyer's Documents");

(b) this Agreement has been, and Buyer's Documents will be, duly executed and delivered by Buyer, or by duly authorized officers or representatives of Buyer; and

(c) no consent, authorization, order or approval of, or filing or registration with, any governmental authority or other person is required for the execution and delivery by Buyer of this Agreement and Buyer's Documents or the consummation by Buyer of the transactions contemplated by this Agreement and Buyer's Documents.

9. **REPRESENTATIONS AND WARRANTIES OF SELLER:** Seller represents and warrants to Buyer that the following statements are true and correct and shall be true and correct as if originally made on and as of the Closing:

(a) Seller has full power and authority to enter into and perform this Agreement and all documents and instruments to be executed by Seller pursuant to this Agreement (collectively "Seller's Documents");

(b) this Agreement has been, and Seller's Documents will be, duly executed and delivered by duly authorized officers or representatives of Seller;

(c) no consent, authorization, order or approval of, or filing or registration with, any governmental authority or other person is required for the execution and delivery by Seller of this Agreement and Seller's Documents or the consummation by Seller of the transactions contemplated by this Agreement and Seller's Documents;

(d) to Seller's actual knowledge, there is no litigation pending against Seller which, if determined adversely, would have a material adverse effect on the Property;

(e) Seller has not granted any option or right of first refusal or first opportunity to any party other than Buyer to acquire fee interest in the Property;

(f) To Seller's actual knowledge, the Property is not in violation of any federal, state, local or administrative environmental laws or requirements relating to industrial hygiene, environmental conditions or hazardous materials;

(g) To Seller's actual knowledge, the Property does not consist of any landfill or contain any underground storage tanks; and

(h) To Seller's actual knowledge, the improvements do not consist of any asbestos-containing materials or building materials that contain any other hazardous material or lead-based paints; there has been and is no release of any hazardous material in the Improvements or in, on, under or about the Property; and the Property is not subject to any claim by any governmental regulatory agency or third party related to the release of any hazardous material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the

presence of hazardous material in the improvements or in, on, under or about the Property, or the migration of hazardous material from or to other real property, that has not been disclosed to Buyer.

Seller's representations and warranties set forth in this Section 9 shall survive the Closing for a period of ninety (90) days (the "Survival Period"). As used in this Agreement, "Seller's actual knowledge" means the current, actual knowledge of Seller, without duty to investigate and shall not include constructive knowledge or knowledge that Seller could have obtained through investigation or inquiry. No broker, agent, or party other than Seller is authorized to make any representation or warranty for or on behalf of Seller.

From and after the Effective Date, Buyer and Seller shall immediately advise the other in writing of any information it receives which indicates that a representation or warranty made by Seller in this Section 9 is, or has become, untrue in any material respect. Seller shall have five (5) days from receipt of Buyer's written notice or from delivery of Seller's written notice to attempt to remedy the breach or inaccuracy in such representation or warranty. In the event Seller is unwilling or unable to remedy such inaccuracy within such period, Buyer shall have the right, as its sole and exclusive remedy, exercisable by giving written notice to Seller and Escrow Holder within five (5) days after the expiration of Seller's five (5) day cure period, either (i) to terminate this Agreement, or (ii) to consummate the transaction contemplated by this Agreement. If the Closing is scheduled to occur prior to said notice and curing periods, the Closing shall be delayed to allow for the expiration of both periods at least 5 days prior to the Closing. If Buyer elects to proceed with the Closing after Buyer has received Seller's written notice of any actual or alleged inaccuracy or breach of Seller's representations and warranties or after Buyer has discovered any such change in circumstances, then (a) Seller's representations and warranties shall be deemed revised in accordance with the change in circumstances as disclosed or discovered, (b) Buyer shall have waived any right or remedy concerning such change in circumstances, and (c) Seller shall be fully and forever released and discharged from any liability or obligation with respect to such change in circumstances. Seller shall have no liability to Buyer by reason of a breach or default of any of Seller's representations or warranties, unless Buyer shall have given to Seller written notice ("Warranty Notice") of such breach or default within the Survival Period, and shall have given to Seller an opportunity to cure any such breach or default within a reasonable period of time after Buyer's Warranty Notice.

10. TIME OF ESSENCE: Time is of the essence in the performance by the parties in respect to this Agreement.

11. NOTICES: All notices, documents, correspondence, and communications concerning this transaction shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be sent through the United States mail duly registered or certified with postage prepaid. Notwithstanding the above, Buyer may also provide notices, documents, correspondence or such other communications to Seller by personal delivery or by first class mail postage prepaid and any such notices, documents, correspondence and communications so given shall be deemed to have been given upon actual receipt.

	<u>After Jan 1st, 2021</u>	<u>Before Jan 1st 2021</u>
IF TO SELLER:	Nil Bhakta 2262 Pinehills Road Reno, NV 89521	Nil Bhakta 2610 El Camino Real Redwood City, CA 94061

COPY TO: Raman Patel
75 Cloud View Trl
Sausalito, CA 94965

IF TO BUYER: Real Property Division
San Mateo County
555 County Center, 4th Floor
Redwood City, CA 94063
650-363-4047
dgrady@smcgov.org

ESCROW HOLDER: First American Title Insurance Company

Escrow Officer
Escrow # NCS-1031236-CS
333 W. Santa Clara Street, Ste. 220
San Jose, CA 95113-1714

12. **SUCCESSORS:** This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assignees of the parties to this Agreement.

13. **ASSIGNMENT PROHIBITION:** Buyer shall not assign its rights or delegate its duties under this Agreement without the prior written consent of Seller, which consent may be withheld. Any sale, assignment, or other transfer in violation of this Section 13 shall be null and void.

14. **WAIVERS:** No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any other covenant or provision, and no waiver shall be valid unless in writing and executed by the waiving party.

15. **CONSTRUCTION:** Section headings are solely for the convenience of the parties and are not a part and shall not be used to interpret this Agreement. The singular form shall include the plural and vice-versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this Agreement.

16. **FURTHER ASSURANCES:** Whenever requested by the other party, each party shall execute, acknowledge and deliver all further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurances, approvals, consents and all further instruments and documents as may be necessary, expedient or proper to complete any conveyances, transfers, sales, and agreements covered by this Agreement, and to do all other acts and to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this Agreement.

17. **THIRD PARTY RIGHTS:** Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

18. **INTEGRATION:** This Agreement contains the entire agreement between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the purchase of the Property.

19. **COUNTERPARTS:** This Agreement may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument.

20. **AMENDMENT:** This Agreement may not be amended or altered except by a written instrument executed by Buyer and Seller.

21. **PARTIAL INVALIDITY:** Any provision of this Agreement that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this Agreement shall be of no effect, but all remaining provisions of this Agreement shall remain in full force and effect.

22. **EXHIBITS:** All attached exhibits are incorporated in this Agreement by reference.

23. **AUTHORITY OF PARTIES:** All persons executing this Agreement on behalf of any party to this Agreement warrant that they have the authority to execute this Agreement on behalf of that party.

24. **GOVERNING LAW:** The validity, meaning, and effect of this Agreement shall be determined in accordance with California laws.

25. **FACSIMILE/ELECTRONICALLY TRANSMITTED SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents or electronically transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing original signatures are provided within seventy-two (72) hours of transmission; however, funds shall not be released nor shall documents be accepted for recordation by the Santa Mateo County Recorder's Office until such documents bearing original signatures are received by Buyer.

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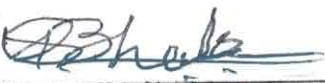
IN WITNESS WHEREOF, Buyer and Seller have executed this Purchase and Sale Agreement and Escrow Instructions by the respective authorized officers as set forth below to be effective as of the date executed by Buyer.

BUYER:

County of San Mateo
a political subdivision of the State of California

By: _____
Name: _____
Title: _____

SELLER:

By:  _____
Name: Subhash Bhakta
Title: V.P.

\$ 21,500,000.00
Jan 1st - 2021
Take over

LEGAL DESCRIPTION

Real property in the City of Redwood City, County of San Mateo, State of California, described as follows:

PARCEL 1, AS DESIGNATED ON THE MAP ENTITLED "PARCEL MAP NO. 82-5, BEING A PORTION OF LAND DESCRIBED IN THE DEED FROM LOUIS J. DEVINCENZI, ET AL, TO IVAN GINESI, ET UX AND REMO GINESI, ET UX RECORDED OCTOBER 8, 1963 IN VOLUME 4564 AT PAGE 38 SAN MATEO COUNTY RECORDS", WHICH MAP WAS FILED IN THE OFFICE OF SAID COUNTY AND STATE, ON OCTOBER 26, 1982 IN BOOK 52 OF PARCEL MAPS AT PAGE 100.

APN: 059-162-520; JPN: 059-016-162-21A

EXHIBIT A

SCHEDULE of FF&E's

EXHIBIT B

Recorded at the Request of and
When Recorded, Return and
Mail Tax Statements to:

County of San Mateo
Real Property Office
555 County Center, 4th Floor
Redwood City, CA. 94063

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY
APN: 059-162-520

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, RENO MOTEL INVESTMENTS, INC., a California Corporation, as "Grantor" herein, hereby grants to the COUNTY OF SAN MATEO, a political subdivision of the State of California, as "Grantee" herein, fee title to all of that certain real property located in the City of Redwood City, in the County of San Mateo, State of California, more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed on the ____ day of _____, ____.

"Grantor"

Name and Title

EXHIBIT C

CERTIFICATE OF ACCEPTANCE

STATE OF CALIFORNIA, COUNTY OF SAN MATEO: SS.

THIS IS TO CERTIFY that the interest in real property conveyed by the Grant Deed dated _____, 2020, from RENO MOTEL INVESTMENTS, INC., a California Corporation, as Grantor, to COUNTY OF SAN MATEO, a political subdivision of the State of California, as Grantee, is hereby accepted by order of the Board of Supervisors of the County of San Mateo on _____, 2020, pursuant to authority conferred by resolution of the Board of Supervisors of the County of San Mateo adopted on _____, 2020, and the County of San Mateo consents to recordation thereof by its duly authorized officer.

WITNESS my hand and official seal

this _____ day of _____, 2020

COUNTY OF SAN MATEO

By: _____
Michael P. Callagy
Clerk of the Board

EXHIBIT D