

STAFF REPORT
OVERSIGHT BOARD OF
South Tahoe Redevelopment Successor Agency
Meeting February 27, 2013

TO: Honorable Chair and Board Members Oversight Board for the South Tahoe Redevelopment Successor Agency

FROM: Patrick L. Enright, Legal Counsel for the South Tahoe Redevelopment Successor Agency

DATE: February 27, 2013

RE: Approval of Oversight Board of the South Tahoe Redevelopment Successor Agency to Extension of Time Addendum for Purchase and Sale Agreement Between South Tahoe Redevelopment Successor Agency and Halferty Development Company, LLC for Assessor Parcel Number 027-690-08 and 027-690-09, located at the southwest Corner of Highway 50 and Ski Run Boulevard in accordance with Health & Safety Code section 34181

RECOMMENDATION:

Approve Extension of Time Addendum and Authorize Chairperson to Sign Extension of Time Addendum

ISSUE AND DISCUSSION:

ABX1 26 requires that the Successor Agency to dispose of assets of the former South Tahoe Redevelopment Agency expeditiously and in a manner aimed at maximizing value. Last fall, the Successor Agency received a cash offer of \$799,000 for the two parcels on the Southwest Corner of Highway 50 and Ski Run Boulevard. The Oversight Board approved the Purchase and Sale Agreement at its meeting on December 12, 2012, and forwarded to the State Department of Finance for approval. DOF has not approved the sale as they are waiting for the Due Diligence Review to be completed by the County Auditor, approved by the Successor Agency and Oversight Board, and finally ratified by DOF. AB 1484 which was enacted on June 27, 2012, provided that the Due Diligence Review was be completed by December 15, 2012, approved by the Oversight Board by January 15, 2013 and approved by DOF no later than April 1, 2013 (although extensions can be granted if the parties want to meet and confer with DOF). Once DOF approves the DDR, the Successor Agency shall prepare a Long Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency. The Plan must be prepared and approved by the

Oversight Board and DOF within six months after the DDR is approved by DOF and they issuance a finding of completion.

Since the DDR has not been completed as of this date, DOF will not approve the sale. The Successor Agency attempted to have DOF approve the sale under Health & Safety Code section 34179, which gives DOF the discretion to approve all actions taken by the Oversight Board. However, DOF has stated they are not approving any sales pending the DDR and the Long-Term Property Management Plan, as there are just too many statewide for them to review on a case-by-case basis.

The Purchase and Sale Agreement provided DOF approval was to be received by the Successor Agency no later 120 days after the opening of escrow. DOF approval was to be received no later March 18, 2013. Since it is clear that DOF approval will not be received by March 18, 2013, the Successor Agency requested an extension by Halferty Development until July 19, 2013. The Buyer has agreed to the extension. The extension also will extend to July 19, 2013, the Buyer's investigation period and time to receive Development Approvals. .



Patrick Enright

Attachments:

- Extension of Time Addendum
- Resolution 2012-12 Approving the Purchase and Sale Agreement and Addendum to Purchase and Sale Agreement
- Purchase and Sale Agreement



EXTENSION OF TIME ADDENDUM

(C.A.R. Form ETA, Revised 4/06)

The following terms and conditions are hereby incorporated in and made a part of the: [] California Residential Purchase Agreement, [] Manufactured Home Purchase Agreement, [] Probate Purchase Agreement, [] Residential Income Property Purchase Agreement, [] Vacant Land Purchase Agreement, [X] Commercial Property Purchase Agreement, [] Business Purchase Agreement, [] other purchase and sale agreement, second addendum to said agreement dated 12-14-12 ("Agreement"), dated November 7, 2012, on property known as SW Corner of US Hwy 50 and Ski Run ("Property"), in which Halferty Devel. Co LLC is referred to as ("Buyer") and S Tahoe Redev. Successor Agency is referred to as ("Seller").

- 1. EXTENSION OF ESCROW: The scheduled Close Of Escrow is extended to September 20, 2013 (Date).
2. EXTENSION OF CONTINGENCY(IES): The following contingency(ies), if checked, is/are extended to nte July 19th 2013 (Date) [] Buyer Investigation of Property Condition [] Loan [X] Other 4-c of 2nd addendum re Dept. of Finance approval (DOF & agencies).
3. OTHER EXTENSION(S): The time for Buyers investigation and development approval periods is/are extended to July 19, 2013 (Date).
4. ADDITIONAL TERMS: investigation & development period is extended to coincide with DOF & OSC approval & shall not trigger deposit increases.

By signing below, Buyer and Seller acknowledge that each has read, understands, and received a copy of and agrees to the terms of this Extension of Time Addendum.

Buyer X Date
Buyer Date
Seller X So Tahoe RD Successor Agency Date
Seller X Date

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Reviewed by Date



**OVERSIGHT BOARD OF THE SOUTH TAHOE
REDEVELOPMENT SUCCESSOR AGENCY
RESOLUTION NO. 2012-12**

**RESOLUTION OF THE OVERSIGHT BOARD OF THE SOUTH TAHOE
REDEVELOPMENT SUCCESSOR AGENCY,
APPROVING PURCHASE AND SALE AGREEMENT BETWEEN SOUTH TAHOE
REDEVELOPMENT SUCCESSOR AGENCY AND HALFERTY DEVELOPMENT
COMPANY, LLC, a Delaware limited liability company, FOR ASSESSOR PARCEL
NUMBERS 027-690-08 AND 027-690-09, LOCATED AT THE SOUTHWEST CORNER
OF HIGHWAY 50 AND SKI RUN BOULEVARD IN THE CITY OF SOUTH LAKE
TAHOE IN ACCORDANCE WITH HEALTH & SAFETY CODE SECTION 34181**

WHEREAS, ABX1 26 was adopted by the California Legislature on June 15, 2011 and signed by the Governor on June 28, 2011, which dissolved redevelopment agencies in California effective October 1, 2011; and

WHEREAS, the California Redevelopment Association and League of California Cities (among others) challenged the constitutionality of AB X1 26, and the California Supreme Court on December 29, 2011 upheld ABX1 26 and amended the legislation to dissolve all redevelopment agencies as of February 1, 2012; and

WHEREAS, ABX1 26 (Health & Safety Code section 34177(e)) requires Successor Agencies to dispose of assets and property of the former redevelopment agency as directed by the Oversight Board; provided, however, that the Oversight Board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Health & Safety Code section 34181; and

WHEREAS, the disposal of assets is to be done expeditiously and in a manner aimed at maximizing value; and

WHEREAS, the Oversight Board has directed the Successor Agency to list certain properties for sale, and the Successor Agency has received an offer on the two parcels located on the southwest corner of Highway 50 and Ski Run Boulevard in South Lake Tahoe; and

WHEREAS the offer is the full listing price in cash of \$799,000 as more fully set forth in the Purchase and Sale Agreement, which is attached hereto and incorporated by reference; and

WHEREAS, Health & Safety Code section 34177(e) provides that proceeds from assets sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the Oversight Board, shall be transferred to the County Auditor-Controller for distribution as property tax proceeds under Health & Safety Code section 34188; and

WHEREAS, the South Tahoe Redevelopment Successor Agency anticipates that there will be a significant shortfall of tax increment revenues to make the payments on enforceable obligations, specifically bond payments, and therefore requests that the

Oversight Board direct the proceeds to be retained by the South Tahoe Successor Agency to make the necessary payments on enforceable obligations as approved of the Recognized Obligation Payment Schedules; and

WHEREAS, the Oversight Board has a fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from distributions pursuant to Health & Safety Code section 34179(i).

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Oversight Board of the South Tahoe Redevelopment Successor Agency does hereby resolve, declare, determine, and order as follows:

1. Hereby approves the Purchase and Sale Agreement and the First and Second Addendums which are attached hereto and incorporated by reference.
2. Determines in accordance with Health & Safety Code section 34177 and 34181 that the Successor Agency needs to retain the proceeds of the asset sale to make scheduled payments on enforceable obligations. The Oversight Board hereby directs that the proceeds be retained by the Successor Agency to make the required payments under ROPS approved by the Oversight Board.
3. Finds that the 10 day notice required by Health & Safety Code section 34181(f) was posted prior to this hearing.
4. Directs the Secretary to the Oversight Board to transmit a copy of the Resolution to the Department of Finance for review in accordance with Health & Safety Code section 34179(h).

PASSED AND ADOPTED by the Board of Directors of the Oversight Board to the Successor Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on December 14, 2012, by the following vote:

AYES: Board Member(s): COLE, KNIGHT, BAUGH, KERRY, MURILLO & VOGELGESANG

NOES: Board Member(s): _____

ABSENT: Board Member(s): BARBER

ABSTAIN: Board Member(s): _____

ATTEST:

By: 
Susan Alessi, Secretary

By: 
Hal Cole, Chairperson

12-14-12

**FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT**

This FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT ("First Amendment") is entered into as of November 15, 2012, by and between SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY ("Seller") and HALFERTY DEVELOPMENT COMPANY, LLC, a Delaware limited liability company ("Buyer") as to the following:

RECITALS

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement dated as of November 6, 2012 (the "Purchase Agreement"); and

WHEREAS, Seller and Buyer have agreed to modify certain provisions of the Purchase Agreement on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer agree to modify the Purchase Agreement as follows:

1. Definitions. Unless otherwise indicated, all capitalized terms in this First Amendment shall have the meanings ascribed to them in the Purchase Agreement. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and this First Amendment, the terms of this First Amendment shall control.

2. Escrow/Title Company. Seller and Buyer agree to cancel escrow with First American Title Company in Fresno, California and open a new escrow with Placer Title Company in South Lake Tahoe, California.

3. Miscellaneous. Except as modified herein, the terms of the Purchase Agreement remain unchanged and in full force and effect. This First Amendment may be executed in counterparts, each of which shall be deemed as original, and all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this First Amendment is executed as of the date first above written.

SELLER:

South Tahoe Redevelopment Agency

By: _____

Title

Mayor

Date: 11-15-12

BUYER:

Halferty Development Company, LLC,
a Delaware limited liability company

By: _____

James L. Halferty
James L. Halferty, Member

**SECOND ADDENDUM TO PURCHASE AND SALE AGREEMENT
DATED NOVEMBER 6, 2012 BETWEEN SOUTH TAHOE
REDEVELOPMENT SUCCESSOR AGENCY AND HALFERTY
DEVELOPMENT COMPANY, LLC**

This Addendum to the Agreement between the South Tahoe Redevelopment Successor Agency ("Seller") and Halferty Development Company, LLC ("Buyer") amends Section 2.B (Financial Terms) and Sections 4.A, 4.B, 4.C and 4.D (Approval Periods) as follows:

2. Financial Terms.

The following sentence is amended to read as follows:

- B. Deposit. Until 5:00 p.m. Pacific Time on the last day of the Site Investigation Period as defined below in 4.B. the Deposit shall remain refundable to Buyer if the transaction contemplated by this Agreement is not consummated for any reason whatsoever, provided that all expenses related to cancellation of the escrow are paid by Buyer.

4. Approval Periods.

The following sentence shall be added to the end Section 4.A.:

- A. Title Matters. Buyer shall notify Seller in writing, approval of title with exceptions approved by Buyer, on or before January 4, 2013.

Sections 4.B., 4.C. and 4.D. are amended to read to follows:

- B. Site Investigation Period. Buyer shall have ninety (90) days from the date of the acceptance of this addendum, (see addendum expiration date) not to exceed March 18, 2013 ("Site Investigation Period") to enter upon the Property and investigate whether, in Buyer's sole discretion, the Property is suitable for Buyer's intended purpose. The investigation may include, without limitation, soil and sub-soil conditions, wetland demarcations, environmental, engineering, surveys, land use and planning, utility and other studies. Copies of all reports shall be provided to Seller.

- C. Approval by Oversight Board and Department of Finance. During the Site Investigation Period, Seller shall obtain all necessary approvals from the applicable agencies, including but not limited to the Successor Agency, Oversight Board, State of

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into as of the 6th day of November, 2012 ("Effective Date") between **SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY** ("Seller") and **HALFERTY DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company, or its assignee ("Buyer"). In consideration of the several promises and representations of the parties set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Property. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the "Property" containing approximately 1.5 acres of land located at the southwest corner of Highway 50 and Ski Run Boulevard in the City of South Lake Tahoe, County of El Dorado, State of California, also known as Assessor's Parcel Map Numbers 027-690-08 and 027-690-09, and more particularly described in Exhibit "A" attached hereto, upon the terms and conditions set forth in this Agreement.

2. Financial Terms.
 - A. Purchase Price. The total "Purchase Price" shall be Seven Hundred Ninety-Nine Thousand and No/100 Dollars (\$799,000.00).

 - B. Deposit. Within five (5) business days after the full execution and delivery of this Agreement, Buyer shall open an escrow account ("Opening of Escrow") with Christine Gray of the Fresno office of First American Title Insurance Company ("Escrow Holder"). Within five (5) business days of Opening of Escrow, Buyer shall deliver funds (the "Deposit") in the amount of Ten Thousand and No/100 Dollars (\$10,000.00) to Escrow Holder. Until 5:00 p.m. Pacific time on the last day of the Site Investigation Period, the Deposit shall remain refundable to Buyer if the transaction contemplated by this Agreement is not consummated for any reason whatsoever, provided that all expenses related to cancellation of the escrow are paid by Buyer. Thereafter, the Deposit and all interest that is earned by said funds shall be credited against the Purchase Price at Close of Escrow or otherwise disbursed in accordance with the terms of this Agreement.

 - C. Balance. The balance of the Purchase Price (after credit for the Deposit and interest accrued thereon) shall be paid by Buyer to Seller at the Close of Escrow, by cash, [title company or bank check, wire transfer or other customary means,] to an account designated by Seller.

3. Close of Escrow.
 - A. Date. The conveyance of the Property and the payment of the balance of the Purchase Price ("Close of Escrow") shall take place at the office of Escrow Holder, during normal business hours, within (30) days following satisfaction of all of the conditions set forth in paragraph 4 below.

 - B. Conveyance. At Close of Escrow, upon the receipt of the Purchase Price, Seller shall deliver to Buyer a Grant Deed in recordable form, conveying fee simple title

to the Property, subject only to current real property taxes and those title exceptions approved by Buyer, and free of all contracts, leases and like documents, except as approved by Buyer in writing, together with a CLTA policy, paid equally between Seller and Buyer, insuring such title in Buyer. Seller shall also execute and deliver to Buyer a certification, acceptable to Buyer, setting forth Seller's address, federal tax identification number and other documents necessary for the purpose of the provisions of Sections 1445 and 7701 of the Internal Revenue and Code of 1986, as amended. In addition, Seller shall execute and deliver to Buyer evidence satisfactory to Buyer that Seller is exempt from the withholding provisions of the California Revenue and Taxation Code, as amended (or comparable regulations of other jurisdictions) and that neither Buyer nor Escrow Holder is required to withhold any amounts from the Purchase Price pursuant to such provisions.

- C. Costs and Prorations. Real estate taxes, outstanding assessments that are not liens on the Property, fire and extended coverage insurance premiums, rent, utilities and operating expenses (as applicable) shall be prorated as of the date of Close of Escrow. Seller shall pay any transfer taxes and recording fees. Seller and Buyer shall each pay one-half (1/2) of any escrow fees and each party shall pay its own attorneys' fees and costs.
- D. Simultaneous Delivery; Conditions Concurrent. All documents and other items to be delivered at the Closing shall be deemed to have been delivered simultaneously, and no delivery shall be effective until all such items have been delivered.

4. Approval Periods.

- A. Title Matters. Within twenty (20) days after the Opening of Escrow, Seller shall furnish to Buyer, at Seller's expense, a preliminary title report and binder on the Property, copies of all exceptions, conditions, covenants and restrictions affecting the Property, and a copy of all rental agreements and other evidence of the potential rights of anyone other than Seller to the Property ("Title Commitment"). The Title Commitment shall be issued by First American Title Insurance Company ("Title Company") and shall show good and marketable title in Seller.
- B. Site Investigation Period. Buyer shall have one hundred twenty (120) days following Opening of Escrow ("Site Investigation Period") to enter upon the Property and investigate whether, in Buyer's sole discretion, the Property is suitable for Buyer's intended purpose. The investigation may include, without limitation, soil and sub-soil conditions, wetland demarcations, environmental, engineering, surveys, land use and planning, utility and other studies. Any such entry shall be at Buyer's expense and risk (holding Seller harmless from any claims for injury to person or property arising from Buyer's activities on the Property), but shall not constitute a taking of possession, and Buyer shall return each test location to substantially its original condition. This investigation may also include (i) obtaining final approval by a major tenant for the development of a store on the Property and (ii) dealing with governmental bodies with authority over the Property. During the Site Investigation Period, Seller will obtain all necessary approvals from the applicable agencies, including but not limited to the

Successor Agency, Oversight Board, State of California Department of Finance, etc. for the disposition of this Property. Should this approval require additional time beyond the above stated one hundred twenty (120) days, the Site Investigation Period shall be extended by one (1) day for each additional day required to obtain the necessary approvals and the Deposit shall remain refundable until ten (10) days after all above approvals have been acquired by Seller. Should Buyer determine that the Property is not suitable, Buyer shall provide written notice of same to Escrow Holder within five (5) days after the end of the Site Investigation Period and the Deposit shall then be promptly returned to Buyer and this Agreement shall be terminated with no further obligations to either party.

- C. Development Approvals. If the Property needs to be rezoned, replatted, its permitted use changed or similarly redesignated or have building permits issued ("Development Approvals"), Buyer shall have one hundred twenty (120) days from the Opening of Escrow to use reasonable efforts to accomplish such Development Approvals ("Development Approval Period"). Buyer shall pay all costs of Development Approvals, and Seller will cooperate (at no cost) in that effort. If Buyer is exercising due diligence in pursuing the Development Approvals, Buyer will have the right to extend the Development Approvals Period and Close of Escrow with mutual agreement by both Buyer and Seller which cannot be unreasonably withheld for two (2) periods of thirty (30) days each solely to obtain these final governmental approvals, by written notice to Seller and Escrow Holder no less than five (5) days prior to the expiration of the Development Approvals Period and first extension. These extensions shall not be unreasonably withheld, provided Buyer has diligently processed Development Approvals.

5. Seller's Warranties. Seller represents and warrants, to induce Buyer to enter into the Agreement, in addition to any other representations herein, as of the date hereof and the date of Close of Escrow (and all representations and warranties shall survive the Close of Escrow) that:

- A. Seller owns good and marketable fee simple title to the Property;
- B. Seller has the authority to execute this Agreement and transfer title as stated;
- C. At Close of Escrow, title to the Property will be free and clear of all leases, liens, easements, covenants, restrictions, parties in possession and/or special encumbrances, except title exceptions permitted by Buyer;
- D. To the best of Seller's actual knowledge after investigation, the Property, including soil, sub-soil, surface and ground water, improvements and anything else on or under the Property now is and at Close of Escrow will be free of all contamination including but not limited to asbestos, hazardous waste or hazardous substances, as defined by applicable federal and state laws, and by the Resource Conservation and Recovery Act of 1976, as amended and regulations thereunder, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the California Hazardous Waste Control Act, the California Health and Safety Code, or similar and applicable laws and regulations. Seller

further has neither been advised of nor received any notice regarding any contamination affecting the Property;

- E. There are no violations of any laws or regulations of applicable governmental authorities affecting the Property, nor are there any governmental or other actions or legal proceedings pending or threatened against Seller or the Property;
- F. There are no special assessments or eminent domain proceedings pending or threatened against Seller or the Property;
- G. The Property has full, free and adjacent access to and from public highways or roads and there are no facts or conditions which would result in such access being altered; and
- H. From and after the date hereof and until Close of Escrow, Seller will maintain the Property in good order and condition and not permit or commit waste thereon.

For purposes of this Agreement, whenever the phrase "to Seller's knowledge" or words of similar import are used, they shall be deemed to refer to the actual knowledge of (i) South Tahoe Redevelopment Successor Agency, (ii) all employees or agents of Seller with supervisory responsibilities concerning the Property, and (iii) such other persons at a management or supervisory level who would, in the ordinary course of their responsibilities as employees or agents of Seller, receive notice from other agents or employees of Seller or from other persons or entities of any of the matters described in the representations and warranties in this Agreement which are limited by the knowledge of Seller.

6. Condemnation. If, prior to Close of Escrow, any part of the Property is taken pursuant to eminent domain proceedings (or private purchase in lieu thereof), or any such proceedings commence, then Buyer may elect by written notice to Seller either to terminate this Agreement or proceed to Close of Escrow with an adjustment in the Purchase Price equal to any condemnation award or payments received or to be received by Seller. Upon any such termination pursuant to this paragraph, this Agreement shall be terminated without any rights or obligations from or to either party and the Deposit shall be promptly returned to Buyer. Notwithstanding the foregoing, there is no litigation pending or, after due and diligent inquiry, to Seller's knowledge, threatened, against Seller that arises out of the ownership of the Property or that might detrimentally affect the value, ownership, use or operation of the Property or the ability of Seller to perform its obligations under this Agreement. Seller shall notify Buyer promptly of any such litigation of which Seller becomes aware.

7. Default. If either party fails either to waive a condition or to terminate this Agreement, and because of such failure the other party wants to claim a default, the other party shall give written notice specifying the nature of the failure to the alleged defaulting party, who shall have thirty (30) days (or such time as is reasonable if the failure cannot be reasonably cured in thirty (30) days) to cure the failure. If the failure is on the part of the Seller, Buyer may terminate this Agreement, elect to cure the failure on behalf of Seller, or seek specific performance and/or damages. If the failure is on the part of Buyer, Seller's exclusive remedy shall be to receive the Deposit as full liquidated damages.

IN THE EVENT THE SALE OF THE PROPERTY PURSUANT TO THIS AGREEMENT IS NOT CONSUMMATED SOLELY BECAUSE OF A DEFAULT UNDER THIS AGREEMENT

ON THE PART OF BUYER, THE DEPOSIT (TO THE EXTENT DEPOSITED INTO ESCROW BY BUYER) SHALL BE PAID TO AND/OR RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A DEFAULT BY BUYER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER. SELLER HEREBY WAIVES ANY AND ALL BENEFITS IT MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 3389.

Seller's
Initials CP

Buyer's
Initials _____

8. Successors and Assigns. Buyer shall have the absolute and unconditional right at any time and from time to time to assign this Agreement to any person or entity controlled by, controlling, or under common control with, Buyer; provided, however, all other assignments shall require the consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. Subject to the provisions of the immediately preceding sentence, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, administrators, executors, assigns and successors in interest.

9. Assignment. Buyer shall provide Seller with a copy of any assignment within ten (10) days after the effective date of any such assignment. Thereafter, Seller shall look only to the assignee for the performance of all of Buyer's obligations under this agreement.

10. 1031 Exchange. At the sole option of Seller, Seller may elect to consummate the transaction as a simultaneous or non-simultaneous like-kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, and requiring Buyer to cooperate with Seller (by executing such documents and taking such actions as may be reasonably necessary) to effectuate the transaction as a like-kind exchange. Buyer is to be at no cost or expense in the exchange and shall not be required to take title to any other property, nor is the Close of Escrow to be delayed, due to Seller's exercise of this provision.

11. Brokers. The parties represent and warrant that Seller and Buyer are represented by Deb Howard and Craig Woodward of Deb Howard & Co ("Brokers"). Seller agrees to pay a commission of five percent (5%) of the Purchase Price to Deb Howard & Co through escrow, upon Close of Escrow. Other than the referenced Brokers, neither party has incurred any obligations for real estate commissions, finder's fees or any similar fees in connection with the transaction contemplated herein. If any other person asserts a claim for commission or finder's fees in connection with this transaction based upon contact or dealings with Buyer or Seller, the party through whom that person makes its claim will indemnify, hold harmless, and defend the other party from such claim and all expenses, including reasonable attorneys' fees, incurred by the other party in defending the claim. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.

12. Costs of Litigation. In the event that either 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 the other party hereto of its obligations hereunder, the prevailing party in such action or proceeding shall be entitled to have all of its attorneys' fees and out-of-pocket expenditures paid by the losing party. Such fees and costs shall include post-judgment fees, costs and expenses incurred on appeal or in collection of any judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

13. Time is of the Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term and provision of this Agreement.

14. Entire Agreement. This document is the full agreement between the parties regarding the subject matter hereof and may only be altered in a writing signed by both the parties. This Agreement shall not be strictly construed for or against any party. Each party acknowledges that its independent counsel has reviewed this Agreement and agrees that 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.

15. Acceptance. To evidence their agreement with the foregoing and their intent to be legally bound, the parties have executed this Agreement as of the Effective Date.

SELLER:

South Tahoe Redevelopment Successor
Agency

By

Title

Date

Mayer

11-7-12

BUYER:

Halferty Development Company, LLC
a Delaware limited liability company

By

James L. Halferty, Member

Notice Address:

Notice Address:

Halferty Development Company, LLC
199 S. Los Robles, Suite 840
Pasadena, California 91101
Attn: James L. Halferty

EXHIBIT "A"
(Description of Property)

HALFERTY DEVELOPMENT COMPANY, LLC

199 south los robles avenue suite 840 pasadena california 91101 TEL 626 405 0956 FAX 626 405 0632

LETTER TRANSMITTAL SHEET

VIA ELECTRONIC MAIL

NOVEMBER 6, 2012

TO: Mr. Craig S. Woodward
Commercial Specialist
Deb Howard & Co.
3599 Lake Tahoe Boulevard, Suite A
So. Lake Tahoe, CA 96150

RE: South Lake Tahoe / SWC Highway 50 and Ski Run Blvd

COMMENTS: Enclosed is a revised Purchase and Sale Agreement between SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY ("Seller") and HALFERTY DEVELOPMENT COMPANY, LLC ("Buyer") for the referenced property. We have made the following revisions:

- Paragraph 4.C. (Development Approvals) – We have changed the language to read that Buyer will have 120 days "from the Opening of Escrow" instead of "from the end of the Site Investigation Period" to accomplish Development Approvals.
- Paragraph 5.G. (Seller's Warranties) – This paragraph now reads the property will have access to and from "public highways or roads" instead of "highways and roads".

Please have the Seller sign and return to me for the Buyer's signature. Note that page 5 requires initials under paragraph 7 (Default).

Should you have any questions, please call.

Regards,



FROM:

Christopher E. Peto, Chief Operating Officer