



AGENDA REPORT

Meeting Date: September 6, 2016

Item Number: F-4

To: Honorable Mayor & City Council

From: Chad Lynn, Assistant Director of Public Works
Trish Rhay, Assistant Director of Public Works
Vince Damasse, Water Resources Manager
Vincent Chee, Project Manager
Aaron Ledet, Senior Management Analyst

Subject: APPROVAL OF A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND INTERNATIONAL COFFEE & TEA, LLC FOR THE LAND AND IMPROVEMENTS LOCATED AT 1941-1949 S. LA CIENEGA BLVD., 1959 S. LA CIENEGA BLVD. AND 1956 CHARITON ST. IN LOS ANGELES, CA; AND

APPROPRIATION OF \$3,350,000 FROM THE GENERAL FUND

Attachments: 1. Purchase and Sale Agreement and Joint Escrow Instructions

RECOMMENDATION

Staff recommends that the City Council move to approve the Purchase and Sale Agreement between the City of Beverly Hills and International Coffee & Tea, LLC for the land and improvements located at 1941-1949 S. La Cienega Blvd., 1959 S. La Cienega Blvd. and 1956 Chariton St., approve the appropriation of \$3,350,000 from the General Fund available balance and authorize the City Manager to enter into the Agreement in a form to be approved by the City Attorney. It is further recommended that the City Council authorize staff to extend the Contingency Period at a cost equal to \$100,000 per month as needed (up to 150 days) beyond the first 90 days in order to complete the pilot borehole and necessary due diligence.

INTRODUCTION

On July 5, 2016, City Council provided staff the authority to negotiate with International Coffee & Tea, LLC (Seller) for the acquisition of the former Coffee Bean & Tea

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Leaf Headquarters (site) located at 1941-1959 S. La Cienega Boulevard and 1956 Chariton Street. The property was previously identified by staff as a potential site to conduct due diligence in order to determine its feasibility to host numerous groundwater production activities, construct water treatment facilities and/or purpose for other ancillary uses to support the operations of the Public Works Department.

The property was listed at the sale price of \$9,495,000 and staff has negotiated the purchase of this property at \$9,100,000; an amount which has been accepted by the Seller and is reflected in the terms of a proposed Purchase and Sale Agreement. The Agreement outlines the terms for the City to purchase the site, which is comprised of three assembled properties strategically located in the La Brea Subarea of the Central Groundwater Basin.

DISCUSSION

The City's Water Enterprise Plan (WEP) identifies the goal to expand the local groundwater supply in order to reduce the City's reliance on Metropolitan Water District (MWD) imported water. In April 2016, the City retained Michael Baker International (MBI) to conduct research and analysis in support of achieving that goal through a groundwater supply project. As such, MBI prepared a baseline study for developing additional water supply from the La Brea Subarea. The baseline study identified several potential well sites within the ideal hydrogeological zone that could potentially yield the optimum production. Several sites were identified as candidate sites, including the proposed Coffee Bean property.

MBI identified the Coffee Bean property as a potential centerpiece site for the La Brea Subarea Well and Transmission Main project, as the site is sufficiently large enough for both a new water treatment plant and a production well.

If the site is not used as a treatment plant site (only used for a production well site), a raw water pipeline would need to be constructed to the City's existing Foothill Road water treatment plant or to a new water treatment plant site. Additionally, if the proposed Coffee Bean site is determined to not be viable for the project from a water production and/or treatment plant siting standpoint, there may be other beneficial municipal and other uses for the site. The two commercial parcels within the site total approximately 24,000 square feet and include two office buildings and a billboard for advertisement. The existing commercial buildings could be utilized by the City as additional office space and/or additional parking and storage.

Following several weeks of negotiations between staff and the Seller, a Purchase and Sale Agreement has been drafted and contains several major deal points summarized below:

1. Purchase Price:

The City is to purchase approximately 23,988 square feet of Commercial Zoned property and 5,997 square feet of Residential Zoned property from the Seller for a total of \$9,100,000 or approximately \$307.32 per square foot (land area) in "as-improved" condition.

2. Refundable Deposit:

The City is to deliver into Escrow a fully refundable deposit of \$250,000 (or approximately 2.75% of the purchase price), which shall apply to the purchase price at the successful close of Escrow; or be refunded to the City in the event of default by the Seller.

3. Contingency Period:

The City is afforded a 90 Day Contingency Period at no cost, as well as the option to extend the Contingency Period for an additional 150 days (for a total Contingency period not to exceed 240 days) at a cost of \$100,000 per 30-day period (not to exceed \$500,000). The Contingency Period is a time for which staff has outlined a series of activities to conduct due diligence at the site, including pilot borehole drilling and testing. At the Close of Escrow, all Contingency Period fees paid will apply to the Purchase Price.

4. Rental Income from Billboard

The City will receive rental revenues from the on-site billboard; annual revenues from the lease of the billboard are currently estimated at \$30,000.

5. Potential Risks and Sunk Costs

The City's refundable deposit (\$250,000) would be retained by the Seller as liquidated damages in the event of an uncured default by the City; in addition the City's costs (up to \$500,000) to extend the Contingency Period would be retained by Seller in the event the City terminates the Agreement and does not purchase the property.

Furthermore, any expenses incurred (estimated up to \$1.07 million) by the City in order to conduct its due diligence during both the Contingency Period and the (optional) extended Contingency Period are sunk costs that are not refundable in the event that the City terminates the Agreement. However, if as a result of due diligence the City determines that the site is not suitable and terminates the Agreement, the \$250,000 deposit is fully refundable.

A significant milestone in the process of completing the Purchase and Sale Agreement is the completion of the City's analysis and recommendations for the future development of the site based on findings discovered during the due diligence period. In order to expedite the due diligence timeline, on August 30, 2016, staff presented a resolution to the City Council authorizing the City Manager to award a contract to the lowest responsible bidder for the drilling of the aforementioned pilot borehole.

Additionally, staff has already initiated and/or completed the following tasks to ensure the due diligence is completed within the eight month timeframe outlined in the Agreement:

- Completed pre-qualification of well drillers, thus reducing the bidding period time. Additionally, a consultant is preparing construction bid documents and will be advertising the project for the pilot borehole construction (estimated at \$400,000).
- Initiated the required environmental site assessments.
- Initiated permit coordination and processing for the pilot borehole well water discharge into the storm drain / sewer systems with the corresponding permitting agencies.
- Completed the California Environmental Quality Act (CEQA) environmental clearance documentation for the drilling of the pilot borehole. It is currently being reviewed by the City's Community Development Department.

FISCAL IMPACT

The original Water Enterprise Plan budgeted approximately \$3 million for the land acquisition, pilot well study and construction for the first well. A revised budget range in the amount of \$9.65 million to \$10.8 million is currently being modeled. The proposed purchase price of this property is \$9.1 million; permitting and construction costs for both the pilot borehole and permanent well are an additional \$2.57 million (approximate) for a total project acquisition-related cost estimate of \$11.67 million. However, Public Works staff believes the property would not be used 100% for Water Enterprise operations, but rather would in part also be used by other City programs. This cost allocation would reduce the amount of the purchase price that would be borne by the Water Fund. So even though the total cost of this project is estimated to be \$11.67 million, because some of the property cost can be allocated to other programs staff believes the updated range of \$9.65 million to \$10.8 million will be sufficient to cover the Water Fund's portion of the cost. Note, however, that to the extent the ultimate cost of this purchase attributed to Water Enterprise operations exceeds the \$3 million budget in the original WEP, this will increase the size of the bond issued and related debt service, which would in turn have to be factored into the revised rate structure.

The purchase price for the site can be funded through the Capital Improvement Program budget Land Acquisition account (No. 40512301-850000-00647) of the Capital Assets Fund (\$5,750,000) as well as an augmentation for the remaining balance through an appropriation from the General Fund. In addition, once the revised WEP budget modeling is completed, the water rate structure could be approved at a level sufficient to support bond issuances to fund the Water Enterprise Plan, and then the General and Capital Asset funds may be reimbursed from such bond proceeds (contingent upon the site being utilized by the Water Enterprise).



George Chavez

Approved By

Attachment 1

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (the “**Agreement**”) is dated as of September 6, 2016 (the “**Effective Date**”) and is entered into by and between the CITY OF BEVERLY HILLS, a California municipal corporation (the “**Buyer**”), and INTERNATIONAL COFFEE & TEA, LLC, a Delaware limited liability company (the “**Seller**”).

RECITAL

A. Seller owns the land described on Exhibit “A” and all improvements thereon (the “**Property**”).

B. Buyer desires to acquire the Property from Seller, and Seller desires to convey the Property to Buyer.

NOW, THEREFORE, in consideration of ten dollars (\$10), the terms and conditions of this Agreement, and other consideration the sufficiency of which is hereby acknowledged, the Buyer and Seller hereby agree as follows:

1. Purchase and Sale. Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, subject to and in accordance with the terms and conditions hereinafter set forth.

2. Opening and Closing of Escrow. Within five (5) business days after the Effective Date, Buyer and Seller shall deliver a copy of this fully executed Agreement to and shall open an escrow (the “**Escrow**”) with Lawyers Title Company (the “**Escrow Holder**” or “**Title Company**”), at 7530 N. Glenoaks Blvd., Burbank, CA 91501. As used herein, the term “Close of Escrow” shall mean that a grant deed for the Property (with a Certificate of Acceptance executed by City and acknowledged) in favor of Buyer in the form attached hereto as Exhibit “B” have been is recorded in the Official Records of the Los Angeles County Recorder’s Office in accordance with and subject to the terms hereof. The Close of Escrow or Closing shall occur within fifteen (15) days after the end of the Contingency Period, as defined in Section 6.1 below (the “**Closing Date**”).

3. Purchase Price. The purchase price for the Property (“**Purchase Price**”) is NINE MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$9,100,000.00).

4. Deposit. Within ten (10) days following the Effective Date, Buyer shall deliver funds, by check, wire transfer or other means, in the amount of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000.00), to the Escrow Holder to be deposited in an interest-bearing account and held as an earnest money deposit under the Escrow pursuant to the terms and provisions hereof (which earnest money deposit, together with the interest thereon, is herein called the “**Deposit**”). The Deposit shall be: (i) applicable to the Purchase Price; (ii) refunded to Buyer if the Close of Escrow does not occur due to a failure of a condition to closing or if the Seller defaults; and (iii) retained by the Seller as liquidated damages in accordance with the following.

If Buyer breaches any obligation hereunder which Buyer is to perform prior to the Close of Escrow, and Buyer fails to cure such breach within ten (10) business days after receipt of written

notice from Seller, then Seller may terminate this Agreement and the Escrow by giving written notice of such termination to Buyer and Escrow Holder, and the Deposit shall then be retained by Seller as liquidated damages for Buyer's incurred default, as Seller's sole and exclusive remedy for Buyer's uncured default.

IF CLOSING FAILS TO OCCUR SOLELY BECAUSE OF BUYER'S UNCURED DEFAULT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN. BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S UNCURED DEFAULT, THEN THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE AND FINAL ESTIMATE OF SELLER'S DAMAGES AND SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES AS SELLER'S SOLE AND EXCLUSIVE REMEDY. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS



SELLER'S INITIALS

5. Title.

5.1 Condition of Title; Title Policy. It is a condition to the Close of Escrow that the Title Company be committed to issue to Buyer, upon Close of Escrow, a standard CLTA owner's policy of title insurance ("**Title Policy**") in an amount equal to the Purchase Price, showing the Property subject only to the Permitted Exceptions (as defined in Section 5.2). Buyer may instead elect to obtain an extended coverage ALTA owner's policy of title insurance ("**Extended Policy**") provided: (a) Buyer pays for all additional premiums and any other fees and costs attributable thereto, and (b) Buyer shall be solely responsible for the additional requirements for the issuance of the Extended Policy (such as an ALTA survey).

5.2 Permitted Exceptions; Seller Representations Re: Lease. The term "**Permitted Exceptions**" as used herein shall mean the following described conditions and exceptions to title:

5.2.1 That certain Lease No. 900992 between Seller and CBS Outdoor Inc. that commenced on January 1, 2008 and which expires on January 1, 2018, and Addendum dated January 1, 2008 (the "Lease").

5.2.2 Matters affecting the condition of title created by or with the written consent of Buyer.

5.2.3 Other exceptions to title disclosed by the Title Report (defined below) that have not been disapproved in writing by Buyer prior to the end of the Contingency Period.

5.2.4 Seller hereby represents and warrants to Buyer as of the date hereof (which representations and warranties shall survive the Close of Escrow, and are being relied upon by Buyer in entering into this Agreement and purchasing the Property):

- (i) The Lease has not been amended;
- (ii) Neither the Seller nor the tenant under the Lease is in default under the Lease;
- (iii) There is no condition or circumstance currently existing that would give the tenant the right to abate or withhold rent under the Lease;
- (iv) the tenant's address for notices under the Lease is 1732 Workman Street, Los Angeles, CA 90031, Attn: Scott Carper;
- (v) No portion of the Property has been leased pursuant to any lease other than the Lease, and no person or entity other than CBS Outdoor, Inc. has any right of possession to any portion of the Property;
- (vi) The portion of the Property that is leased under the Lease is limited to the portion on which the existing billboard sign is located.

5.3 Title Report, Review and Approval. Following the Effective Date, Buyer shall obtain a preliminary report from the Title Company, together with the underlying documents relating to the Schedule B exceptions set forth in such report (collectively, the "**Title Report**"). Buyer shall have until the end of the Contingency Period (defined in Section 6.1) to review and approve the Title Report and any ALTA survey ("**Survey**") obtained by Buyer. Buyer shall notify Seller in writing on or before the Contingency Date (defined in Section 6.1) of any disapproved matters in the Title Report and Survey. Any matters not so disapproved shall be a part of the Permitted Exceptions; however, Buyer hereby objects to any and all monetary encumbrances that may appear in the Title Report, all of which shall be removed therefrom by Seller at no cost to Buyer, and none of which shall be a Permitted Exception.

Seller shall have thirty (30) days from the delivery of Buyer's notice either to obtain at Seller's cost, as applicable, the issuance of an endorsement to the Title Report removing such disapproved matters or, if acceptable to Buyer, to obtain affirmative title insurance protection for such disapproved matters satisfactory to Buyer in Buyer's sole discretion. If Seller fails either to provide for the removal of such exceptions or to obtain affirmative title insurance protection for such exceptions satisfactory to Buyer in Buyer's sole discretion within such thirty-day period, then this Agreement, Buyer may be terminate this Agreement upon written notice to Seller given at any time prior to the Closing.

If any endorsement or update issued to the Title Report or Survey contains new exceptions other than those in the initial Title Report or Survey, Buyer shall be entitled to object to any such exceptions by a written notice of objections to Seller on or before the date that is thirty (30) days following Buyer's receipt of such endorsement or update. If Buyer fails to deliver to Seller a notice of objections to such new exceptions on or before such date, Buyer shall be deemed to have waived any objection to the new exceptions appearing on such endorsement or update, and thereafter all such new exceptions (or those not actually objected to) shall be deemed to be Permitted Exceptions. Seller shall have ten (10) days from the delivery of Buyer's notice either to obtain at Seller's sole cost, as applicable, the issuance of an endorsement to the Title Report or a revision to the Survey removing such exceptions or, if acceptable to Buyer, to obtain affirmative title insurance protection for such exceptions satisfactory to Buyer in Buyer's sole discretion. If Seller fails either to provide for the removal of such exceptions or to obtain affirmative title insurance protection for such exceptions satisfactory to Buyer in Buyer's sole discretion within such ten-day period, then Buyer's may terminate this Agreement upon written notice to Seller at any time prior to the Closing pursuant to Section 6.1 below, and if such notice is not timely given, then such disapproved matters shall constitute Permitted Exceptions. The Closing will be extended as needed to comply with the requirements of this Section 5.3.

6. Suitability and Condition of Property.

6.1 Contingency Period. It is a condition precedent to the Close of Escrow for Buyer's benefit that Buyer has determined, on or before the date that is ninety (90) days after the Effective Date, as extended under Section 6.2 below (the "**Contingency Period**") that the Property and documents in Seller's possession relating to the Property are suitable for Buyer's intended uses of the Property, as determined by Buyer.

Seller shall deliver copies of all non-privileged documents in Seller's possession relating to the Property to Buyer within ten (10) business days after the Effective Date.

In the event Buyer determines the Property is not suitable, then Buyer may terminate this Agreement by written notice to Seller on or before the end of the Contingency Period.

6.2 Buyer Extension of Contingency Period. Buyer may extend the initial ninety (90) day Contingency Period for up to an additional one hundred and fifty (150) days, in increments of thirty (30) days (or multiples thereof), in one extension or a series of extensions, by written notice from the City Manager to Seller and payment to Seller of One Hundred Thousand Dollars (\$100,000.00) for each thirty (30) days of extension (the "Extension Payments"). Extension notices

and related payments must be delivered prior to the end of the then-current Contingency Period. In no event shall the extensions collectively exceed one hundred and fifty days (150). All Extension Payments shall be credited against the Purchase Price upon the Close of Escrow, but may be retained by Seller if Buyer terminates this Agreement under Section 5.3 or Section 6.1.

6.3 Testing Right of Entry; Inspections, Testing. Prior to the end of the Contingency Period, Buyer may conduct, at Buyer's sole expense, such inspections and testing of the Property, including the improvements thereon, as Buyer may desire or deem appropriate, in Buyer's sole and absolute discretion, to determine the suitability of the Property for Buyer's intended uses (including, without limitation, water test wells). If Buyer terminates this Agreement under Section 5.3 or Section 6.1, Buyer shall reasonably repair and restores areas of the Property affected by Buyer's inspections so that they are in substantially the same condition as before such inspections. Seller hereby grants to Buyer and its authorized employees, representatives, agents and contractors, permission and a license to enter upon the Property at all reasonable times prior to the end of the Contingency Period for the purpose of conducting such inspections and testing. In the event the Property is occupied by any person(s) other than Seller, Seller shall make arrangements with such person(s) to ensure access by Seller its authorized employees, representatives, agents and contractors in order to conduct the inspections and testing pursuant to this section. Buyer shall indemnify, protect, defend (with legal counsel reasonably acceptable to Seller) and hold Seller harmless from and against any and all claims, liabilities, damages, costs and expenses arising from, related to or caused by, Buyer's entry upon the Property or the performance of any inspection or test conducted by or at the request of Buyer or its contractors or agents.

7. Seller's Acts. Seller shall not encumber, sell or transfer, or agree to encumber, sell or transfer, the Property or any portion thereof or interest therein during the period from the Effective Date to the earlier of (i) the Close of Escrow or (ii) the date of the termination of this Agreement.

8. Deposit of Documents and Funds into Escrow. Seller and Buyer shall make the following deliveries to Escrow Holder at least one (1) business day prior to the Close of Escrow:

8.1 Buyer shall deliver a Certificate of Acceptance for the Grant Deed (duly executed by Buyer and acknowledged), the Purchase Price (less the Deposit, any Extension Payments and the amount of any security deposit and rent prepayments under existing leases affecting the Property), any additional funds required to pay costs payable by Buyer under Section 10 below, and an executed counterpart original of a letter to the existing tenant in the form attached hereto as Exhibit "C" (the "Tenant Letter").

8.2 Seller shall deliver the Grant Deed (duly executed by Seller and acknowledged), federal state tax withholding certificates so that the tax withholding as required of Escrow or Seller, and a counterpart original of the Tenant Letter.

9. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the Grant Deed and Certificate of Acceptance, send the counterpart originals of the Tenant Letter to the Tenant named therein (by overnight delivery), disburse funds to pay any liens encumbering the Property, apply funds to costs, deliver any remaining funds to Seller, and

provide copies of the tax withholding certificates to Buyer, provided each of the following conditions has then been fulfilled:

9.1 The Title Company can issue the Title Policy in favor of Buyer, with a liability amount equal to the Purchase Price, showing fee title to the Property vested in Buyer, subject only to the Permitted Exceptions.

9.2 Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 8 above.

Unless otherwise instructed in writing, Escrow Holder is also authorized to record at the Close of Escrow any instrument delivered through Escrow if necessary or proper for the issuance of the Title Policy.

10. Costs and Prorations.

10.1 Seller shall pay (i) fifty percent (50%) of the fees and charges of Escrow Holder, (ii) the cost of the premium for the Title Policy (excluding ALTA coverage, which shall be paid by Buyer), and (iii) all documentary or other local transfer taxes on the transfer of the Property (if any). Buyer shall pay for the other fifty percent (50%) of the fees and charges of Escrow Holder and the cost for ALTA extended title insurance coverage (if required by Buyer).

10.2 If the Escrow shall fail to close due to Buyer's default, then Buyer shall pay all Escrow and title cancellation charges. If the Escrow shall fail to close due to Seller's default, Seller will pay all Escrow and title cancellation charges.

10.3 If the Escrow shall fail to close for any reason other than Seller's or Buyer's default, Buyer and Seller shall each pay one-half (1/2) of any applicable Escrow cancellation charges.

10.4 Property taxes shall not be prorated as Buyer is tax-exempt; however, Buyer shall reasonably cooperate with Seller to obtain any refund of property taxes overpaid by Seller. Property taxes and assessments shall be apportioned and prorated with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs. To the extent that the actual assessments for the current year differ from the amount apportioned at the Close of Escrow, the parties shall make all necessary adjustments by appropriate payments between themselves following the Close of Escrow. All delinquent taxes and assessments (and any penalties therein) for periods prior to the Close of Escrow, if any, affecting the Property shall be paid by Seller.

10.5 Rents under the Lease shall be prorated as of the Close of Escrow; however, any and all rents paid to Buyer after the Close of Escrow may be retained by Buyer even if they relate to periods prior to the Close of Escrow. Any and all rents paid to Seller after the Close of Escrow, but allocable to any period prior to the Close of Escrow, shall be promptly delivered by Seller to Buyer, and Seller's obligations hereunder shall survive the Close of Escrow.

10.6 All prorations shall be determined on the basis of a 360-day year.

10.7 The provisions of this Section 10 shall survive the Close of Escrow.

11. Buyer's Conditions. Buyer's obligations under this Agreement are expressly made subject to the following conditions precedent solely for the benefit of Buyer. The Close of Escrow and Buyer's obligation to consummate the purchase of Property shall be contingent upon and subject to written notice to Escrow Holder by Buyer of the occurrence of all of the following (or Buyer's written waiver thereof, it being agreed that Buyer can waive any or all such contingencies) on or before the Close of Escrow:

11.1 Buyer's obtaining an irrevocable commitment issued by Title Company to issue an owner's title policy in favor of Buyer with a liability amount in the amount of the Purchase Price showing Buyer's fee interest in the Property subject only to the Permitted Exceptions (the "**Title Policy**").

11.2 Seller's delivery of all documents and funds required to be delivered by Seller under Section 8.2.

If any of the foregoing conditions precedent has not been either met to Buyer's sole satisfaction or expressly waived in writing by Buyer on or prior to the last date for the Close of Escrow, then Buyer may terminate this Agreement upon written notice to Seller.

12. Seller's Conditions. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the sale of the Property shall be contingent upon and subject to the Buyer delivering all documents and funds required to be delivered by Buyer under Section 8.1 above on or before the Close of Escrow.

13. Seller's Delivery of Documents. Prior to or upon the Close of Escrow, Seller shall deliver to Buyer: all material documents (including warranties) relating to the Property, and all keys for locks, garage door openers, pass-codes for security systems and similar personal property and information necessary or convenient for the operation or use of the Property (to the extent not previously delivered to Buyer), and all such personal property, together with any other personal property not removed by Seller, shall become the property of Buyer upon the Close of Escrow. Seller's obligations hereunder shall survive the Close of Escrow.

14. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until the Close of Escrow. If at any time prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, Buyer shall be entitled to receive all insurance proceeds payable to Seller or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller.

15. Relocation Assistance. In consideration for the Purchase Price, Buyer shall have no obligation to Seller under any federal or state relocation laws or regulations, including without limitation, the California Relocation Assistance and Real Property Acquisition statutes and guidelines. Seller waives and forever releases Buyer, including its successors, officers, employees,

attorneys, agents, representatives and anyone else acting on Buyer's behalf, of and from any and all claims, demands, actions or causes of action, obligations, liabilities, or claims for further compensation relating to the matters described in this Section, known or unknown, based upon or relating to the facts or allegations and circumstances arising from Buyer's acquisition of the Property or the expiration or earlier termination of the Lease. By such release, Seller expressly waives its rights, if any, under California Civil Code Section 1542 which provides:

“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.”



Seller's initials

16. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by reputable overnight messenger service. Notices shall be considered given upon the earlier of (a) one (1) business day following delivery to a reputable overnight messenger service (such as Federal Express for overnight delivery), or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Buyer: City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Chad Lynn

Seller: International Coffee & Tea, LLC
5700 Wilshire Blvd., Suite 120
Los Angeles, CA 90036
Attn: Real Estate Attorney

17. Broker's Commissions. Each party hereby indemnifies and holds the other party harmless from and against any and all claims for any other broker's commission or similar compensation that may be payable to any broker, finder or other person or entity based upon such party's own acts. The provisions of this Section shall survive the Close of Escrow.

18. Standard Escrow Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a conflict between the terms hereof and the terms of such standard instructions, the terms hereof shall control.

19. Time is of the Essence. Time is of the essence with respect to each term, condition and covenant hereof in which time is a factor.

20. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

21. Entire Agreement. This Agreement, together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

22. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

23. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

24. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

25. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

26. Authority of City Manager. The City Manager shall have the authority to give all consents, approvals and notices by the City hereunder provided they are in writing.

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

BUYER:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Print Name: _____
Title: _____

SELLER:

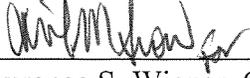
INTERNATIONAL COFFEE & TEA, LLC,
a Delaware limited liability company

By: 
John Fuller
Chief Executive Officer

Attest:

Byron Pope, City Clerk

Approved as to Form:



Laurence S. Wiener, City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

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

Parcel 1:

That portion of Lot 3 of The Arnaz Property, in the Rancho Rincon De Los Bueyes, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2324 Pages 91 and 93 inclusive of Deeds, in the office of the County Recorder of said County, described as follows:

Beginning at a point in the Westerly line of La Cienega Boulevard, 100 feet wide, as described in the deed to the City of Los Angeles recorded in Book 2889 Page 336 Official Records, distant Southerly thereon 390 feet from the intersection of said Westerly line with the radial line passing through the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, described in said deed to the City of Los Angeles, as concave to the West, having a radius of 467.23 feet, and an arc length of 399.65 feet, thence along the Westerly line of said La Cienega Boulevard, South $12^{\circ} 44' 31''$ West 50 feet to the Northeasterly corner of the land described in the deed to Walter H. Lowe and wife, recorded in Book 17312 Page 104 Official Records; thence North $77^{\circ} 08' 53''$ West along the Northerly line of the land described in the last mentioned deed, 120 feet, more or less to the Easterly line of Tract No. 1250, as per map recorded in Book 18 Pages 46 and 47 of Maps, in the office of the County Recorder of said County; thence Northerly along the Easterly line of said Tract No 1250, to a line which bears North $77^{\circ} 08' 53''$ West from the point of beginning, thence South $77^{\circ} 08' 53''$ East, 120 feet, more or less, to the point of beginning

EXCEPT therefrom, all oil, petroleum, gas, asphaltum, and other hydrocarbon substances contained in, on, within and under said land, but without right of entry, as reserved in the deed from Marblehead Land Company, recorded in Book 17709 Page 30 Official Records.

Parcel 2:

That portion of Lot 3 of The Arnaz Property, in the Rancho Rincon De Los Bueyes, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2324 Pages 91 to 93 inclusive of Deeds, included within the following described boundary lines:

Beginning at a point in the Westerly line of La Cienega Boulevard, 100 feet wide, as described in the deed to the City of Los Angeles, recorded in Book 2889 Page 336 Official Records, distant Southerly thereon 440 feet from the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, concave to the West, having a radius of 467.23 feet, and a length of 399.65 feet, thence South $12^{\circ} 44' 31''$ West, along the said Westerly line of La Cienega Boulevard, 100 feet, thence North $77^{\circ} 08' 53''$ West 120 feet, more or less, to the Easterly line of Tract No. 1250, County of Los Angeles, State of California, as per map recorded in Book 18 Pages 46 and 47 of Maps, thence

Northerly along the Easterly line of said Tract No 1250, 100 feet more or less to a line which bears North $77^{\circ} 08' 53''$ West from the point of beginning, thence South $77^{\circ} 08' 53''$ East, 120 feet, more or less, to the point of beginning.

EXCEPT therefrom, all oil, petroleum, asphaltum, gas, and other hydrocarbon substances contained in, on, within and under said land, but without right of entry, as reserved in the deed from Marblehead Land Company, recorded in Book 17312 Page 104 Official Records.

Parcel 3:

That portion of Lot 3 of the Arnaz property, in the Rancho Rincon de Los Bueyes, in the city of Los Angeles, as per map recorded in Book 2324, Pages 91 to 93 inclusive of Deeds, in the office of the County Recorder of said county. Beginning at a point in the Westerly line of La Cienega boulevard, 100 feet wide, as described in the deed to the city of Los Angeles, recorded in Book 2889, Page 336, Official Records of said county, distant southerly thereon 540 feet from the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, concave to the West and having a radius of 467.23 feet and a length of 339.65 feet; said point of beginning being the Southeasterly corner of the land described in the deed to Walter H. Lowe and wife, recorded in book 17312 page 104, official records; thence South $12^{\circ} 44' 31''$ West, along the said Westerly line of La Cienega boulevard, 50 feet; thence North $77^{\circ} 08' 55''$ West, 120 feet, more or less, to the Easterly line of Tract No. 1250, as per map recorded in Book 18, Pages 46 and 47 of Maps, in the office of the County Recorder of said County; thence Northerly along the Easterly line of said Tract No. 1250, 50 feet, more or less, to the Southwesterly corner of the land described in said deed recorded in book 17312 page 104, official records; thence South $77^{\circ} 08' 53''$ East, along the Southerly line of the land described in the last mentioned deed to the point of beginning.

Except therefrom all oil, petroleum, asphaltum, gas and other hydrocarbon substances contained in, on within and under said land, but without right of entry as reserved in the deed from Marblehead Land Company, recorded in book 17435 page 267, official records.

Parcel 4:

Lot 387 of Tract No. 1250, in the City of Los Angeles, county of Los Angeles, State of California, as per map recorded, in Book 18, Pages 46 and 47 of Maps, in the office of the county recorder of said county.

EXHIBIT "B"

FORMS OF GRANT DEED AND CERTIFICATE OF ACCEPTANCE

(Attached.)

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

CITY OF BEVERLY HILLS
455 North Rexford Drive
Beverly Hills, California 90210
Attn.: City Clerk

APN: 4302-033-004, 005, 006 and 021

[SPACE ABOVE FOR RECORDER'S USE ONLY]

THE UNDERSIGNED GRANTOR DECLARES AS FOLLOWS:

This transfer is exempt from Documentary Transfer Tax pursuant to Revenue & Taxation Code Section 11922 (conveyance to a public entity). Property is in the City of Los Angeles, County of Los Angeles.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____ (“Grantor”) hereby grants to the CITY OF BEVERLY HILLS, a municipal corporation (“Grantee”), the land located in the City of Los Angeles, County of Los Angeles, State of California, more particularly described on Exhibit “A”, and all improvements and fixtures thereon.

IN WITNESS WHEREOF, Grantor has duly executed this Grant Deed.

INTERNATIONAL COFFEE & TEA, LLC,
a Delaware limited liability company

By: _____
John Fuller
Chief Executive Officer

EXHIBIT "A" TO GRANT DEED

LEGAL DESCRIPTION

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

Parcel 1:

That portion of Lot 3 of The Arnaz Property, in the Rancho Rincon De Los Bueyes, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2324 Pages 91 and 93 inclusive of Deeds, in the office of the County Recorder of said County, described as follows:

Beginning at a point in the Westerly line of La Cienega Boulevard, 100 feet wide, as described in the deed to the City of Los Angeles recorded in Book 2889 Page 336 Official Records, distant Southerly thereon 390 feet from the intersection of said Westerly line with the radial line passing through the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, described in said deed to the City of Los Angeles, as concave to the West, having a radius of 467.23 feet, and an arc length of 399.65 feet, thence along the Westerly line of said La Cienega Boulevard, South $12^{\circ} 44' 31''$ West 50 feet to the Northeasterly corner of the land described in the deed to Walter H. Lowe and wife, recorded in Book 17312 Page 104 Official Records; thence North $77^{\circ} 08' 53''$ West along the Northerly line of the land described in the last mentioned deed, 120 feet, more or less to the Easterly line of Tract No. 1250, as per map recorded in Book 18 Pages 46 and 47 of Maps, in the office of the County Recorder of said County; thence Northerly along the Easterly line of said Tract No 1250, to a line which bears North $77^{\circ} 08' 53''$ West from the point of beginning, thence South $77^{\circ} 08' 53''$ East, 120 feet, more or less, to the point of beginning

EXCEPT therefrom, all oil, petroleum, gas, asphaltum, and other hydrocarbon substances contained in, on, within and under said land, but without right of entry, as reserved in the deed from Marblehead Land Company, recorded in Book 17709 Page 30 Official Records.

Parcel 2:

That portion of Lot 3 of The Arnaz Property, in the Rancho Rincon De Los Bueyes, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2324 Pages 91 to 93 inclusive of Deeds, included within the following described boundary lines:

Beginning at a point in the Westerly line of La Cienega Boulevard, 100 feet wide, as described in the deed to the City of Los Angeles, recorded in Book 2889 Page 336 Official Records, distant Southerly thereon 440 feet from the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, concave to the West, having a radius of 467.23 feet, and a length of 399.65 feet, thence South $12^{\circ} 44' 31''$ West, along the said Westerly line of La Cienega Boulevard, 100 feet, thence North $77^{\circ} 08' 53''$ West 120 feet, more or less, to the Easterly line of Tract No. 1250, County of Los Angeles, State of California, as per map recorded in Book 18 Pages 46 and 47 of Maps, thence

Northerly along the Easterly line of said Tract No 1250, 100 feet more or less to a line which bears North $77^{\circ} 08' 53''$ West from the point of beginning, thence South $77^{\circ} 08' 53''$ East, 120 feet, more or less, to the point of beginning.

EXCEPT therefrom, all oil, petroleum, asphaltum, gas, and other hydrocarbon substances contained in, on, within and under said land, but without right of entry, as reserved in the deed from Marblehead Land Company, recorded in Book 17312 Page 104 Official Records.

Parcel 3:

That portion of Lot 3 of the Arnaz property, in the Rancho Rincon de Los Bueyes, in the city of Los Angeles, as per map recorded in Book 2324, Pages 91 to 93 inclusive of Deeds, in the office of the County Recorder of said county. Beginning at a point in the Westerly line of La Cienega boulevard, 100 feet wide, as described in the deed to the city of Los Angeles, recorded in Book 2889, Page 336, Official Records of said county, distant southerly thereon 540 feet from the Southerly terminus of a curve in the Westerly line of said La Cienega Boulevard, concave to the West and having a radius of 467.23 feet and a length of 339.65 feet; said point of beginning being the Southeasterly corner of the land described in the deed to Walter H. Lowe and wife, recorded in book 17312 page 104, official records; thence South $12^{\circ} 44' 31''$ West, along the said Westerly line of La Cienega boulevard, 50 feet; thence North $77^{\circ} 08' 55''$ West, 120 feet, more or less, to the Easterly line of Tract No. 1250, as per map recorded in Book 18, Pages 46 and 47 of Maps, in the office of the County Recorder of said County; thence Northerly along the Easterly line of said Tract No. 1250, 50 feet, more or less, to the Southwesterly corner of the land described in said deed recorded in book 17312 page 104, official records; thence South $77^{\circ} 08' 53''$ East, along the Southerly line of the land described in the last mentioned deed to the point of beginning.

Except therefrom all oil, petroleum, asphaltum, gas and other hydrocarbon substances contained in, on within and under said land, but without right of entry as reserved in the deed from Marblehead Land Company, recorded in book 17435 page 267, official records.

Parcel 4:

Lot 387 of Tract No. 1250, in the City of Los Angeles, county of Los Angeles, State of California, as per map recorded, in Book 18, Pages 46 and 47 of Maps, in the office of the county recorder of said county.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE
(California Government Code Section 27281)

This is to certify that interests in real property conveyed to or created in favor of the City of Beverly Hills by that certain Grant Deed dated _____, 2016, executed by International Coffee & Tea, LLC is hereby accepted by the undersigned officer on behalf of the City of Beverly Hills pursuant to the authority conferred by action or resolution of the City of Beverly Hills taken or adopted on September 6, 2016, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2016

Mahdi Aluzri,
City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "C"

FORM OF NOTICE TO TENANT

(Attached.)

_____, 2016

Via Federal Express

CBS Outdoor, Inc.
1731 Workman Street
Los Angeles, CA 90031
Attn: Scott Carper

Re: Notice of Sale of Property and Change of Landlord Address; Lease dated in 2008 (with January 1, 2008 Addendum) between International Coffee & Tea, LLC, as Lessor and CBS Outdoor, Inc., as lessee, for a portion of 1959 S. La Cienega Blvd., Los Angeles, California (the "Lease")

Ladies and Gentlemen:

The City of Beverly Hills has purchased the property that is subject to the above-referenced Lease from International Coffee & Tea, LLC ("Seller"), and said Seller has assigned the landlord's interest under the Lease to the City.

The City's address for notices, as the new landlord under the Lease, is as follows: 455 North Rexford Drive, Beverly Hills, CA 90210, Attn: Property Management/Lease Administration.

You are hereby directed to send all notices for the landlord under the Lease, and make all future payments to the landlord under the Lease, to the City at such address for the City.

We hereby request that you acknowledge your receipt of this notice by executing this notice in the space provided below and returning a copy by PDF/e-mail to clynn@beverlyhills.org or by mail to Chad Lynn at the first address specified above (i.e., the City's address for notices); however, this notice shall be effective whether or not you do so.

Very truly yours,

SELLER/OLD LANDLORD:

INTERNATIONAL COFFEE & TEA, LLC,
a Delaware limited liability company

By: _____

John Fuller
Chief Executive Officer

BUYER/NEW LANDLORD:

CITY OF BEVERLY HILLS

By: _____
Print Name: _____
Title: _____

RECEIPT ACKNOWLEDGED BY TENANT:

CBS OUTDOOR, INC.

By: _____
Print Name: _____
Title: _____