

October 14, 2021

Rosemead Properties, Inc.
11142 Garvey Avenue
El Monte, CA 91734

Gentlemen:

The undersigned, City of Fontana, a California municipal corporation, hereinafter referred to as "Buyer," hereby offers to acquire from Rosemead Properties, Inc., a Nevada corporation, ("Rosemead") upon and subject to the terms and conditions set forth below, those certain parcels of vacant real property known as San Bernardino County Assessor Parcel Numbers 0232-201-12 and 0232-201-13 in the County of San Bernardino, State of California, as more particularly described in Attachment 1 hereto (the "Real Property"). This letter is hereinafter sometimes referred to as the "Offer" or the "Agreement."

1. Tax-Deferred Exchange.

Rosemead and Buyer will cooperate in arranging and accomplishing a deferred exchange transaction that qualifies as a tax-deferred exchange under Internal Revenue Code Section 1033 and other applicable code sections and regulations. Each party shall execute and deliver all necessary additional agreements, deeds, instruments, escrow instructions, or other documents necessary to effect the agreed upon exchange, provided, however, that the tax-deferred exchange shall be accomplished at Rosemead's expense and Buyer shall incur no liability of any kind by virtue of agreeing to cooperate in arranging such tax-deferred exchange.

2. Sale Price.

The total purchase price which Buyer agrees to pay for the Real Property shall be \$3,040,000.00 ("Purchase Price"), payable in cash on the Closing Date as defined in Section 3 herein.

3. Escrow; Closing Date.

a. Rosemead and Buyer agree to open an escrow at Ticor Title Company at 4120 Concourse Street, Suite 400, Ontario, California, Attn: Sandra Mendez ("Escrowholder") within three (3) calendar days after both Parties have fully executed this Agreement, including approval by Fontana City Council. This Offer shall serve as escrow instructions insofar as applicable. Buyer and Rosemead shall execute such further escrow instructions, property exchange agreements, deeds, and other instruments not inconsistent with this Offer as may be necessary or appropriate to consummate this transaction.

b. The date on which escrow closes in accordance with all of the terms and conditions set forth herein is referred to as the "Closing Date" or "Close of Escrow" and shall be designated in writing by Buyer and Rosemead. The Closing Date shall be on a date acceptable to Rosemead not later than five (5) business days after the end of the Financing Period described in Section 6 of this Agreement, unless the parties otherwise agree in writing. If for any reason escrow

does not close on or before such date, it shall close as soon thereafter as reasonably possible unless theretofore Escrowholder shall have received a written demand to terminate escrow by a party hereto not in default. Upon receipt of any such demand, Escrowholder shall distribute all documents then held in escrow to the party or parties who deposited the same.

4. Condition of Title.

a. Rosemead shall cause the Real Property to be conveyed to Buyer on the Closing Date by a duly executed and acknowledged Grant Deed. The Real Property shall be transferred on the Closing Date subject to all covenants, conditions, restrictions, reservations, liens, encumbrances, leases, tenancies, easements, rights, rights-of-way, taxes, and assessments, of any kind, affecting the Real Property.

b. Promptly following Rosemead's acceptance of this Offer, Rosemead will order from Tigor Title or other title company acceptable to Rosemead and Buyer, and have delivered to Buyer within 5 days of Rosemead's acceptance of this Offer, a preliminary title report on the Real Property, together with copies of all documents referred to therein.

c. Within twenty (20) business days after receipt of the preliminary title report, Buyer shall give written notice to Rosemead of any objection to the condition of title as set forth therein, separately specifying and setting forth each such defect or objection. If Buyer does not give such written notice to Rosemead within such twenty (20) business day period, Buyer shall be deemed to have approved the condition of title as set forth in the preliminary title report or as may be discoverable by inspection of the property or otherwise;

d. Rosemead shall be entitled to reasonable time to cure any such defect or objection but Rosemead shall not be required to expend any money or undertake any action in order to deliver title to the Real Property other than as set forth herein;

e. Buyer will instruct Rosemead and Escrowholder in writing prior to the Closing Date as to the manner in which title to the Real Property will vest.

5. Condition of Real Property.

Buyer acknowledges that the Real Property has been examined by Buyer or Buyer's agents or employees, to Buyer's satisfaction and agrees that, as of the Close of Escrow, Buyer will be acquiring the Real Property in "AS IS" condition with all faults and conditions then existing on the Real Property, including any hazardous substances or hazardous wastes that may be located on, under or around the Real Property, whether known or unknown, and Buyer assumes all responsibility for such faults and conditions. Buyer further acknowledges that it is not acquiring the Real Property in reliance upon any statement, representation, or warranty of any kind made by Rosemead or any other person or entity affiliated with Rosemead as to the zoning, use, size, area or condition of the Real Property or the suitability or usability of the Real Property for any particular purpose; and Buyer further acknowledges that neither Rosemead nor any other person or entity affiliated with Rosemead has made any such statement, representation, or warranty of any kind.

6. Inspection Period.

a. Buyer shall perform due diligence investigation of the Real Property during the first sixty (60) days of escrow (the "Inspection Period"). If within the Inspection Period Buyer determines in its sole judgement that the condition of the Real Property or any condition affecting the Real Property is unacceptable to Buyer, or that the Real Property cannot be used for the purposes intended by Buyer, Buyer shall be entitled to terminate this Agreement without liability except for Buyer's inspection indemnity obligations set forth below. Buyer shall notify Rosemead of its approval or disapproval of the condition of the Real Property, in writing, prior to the end of the Inspection Period. If Buyer does not give such written notice to Rosemead prior to the end of the Inspection Period, Buyer shall be deemed to have approved the condition of the Real Property.

b. Buyer and its agents shall have the right to enter upon the Real Property for the purpose of inspecting and evaluating the condition thereof, including, but not limited to, soil analysis and environmental surveys or other site investigations, at any time following Rosemead's acceptance of this Offer and up to and including the Closing Date. No destructive testing shall be conducted, however, without Rosemead's prior approval. Following any such entry or work, Buyer shall return the Real Property to the condition it was in prior to such entry or work. All such inspections and tests and any other work conducted or materials furnished with respect to the Real Property by or for Buyer shall be paid by Buyer as and when due and Buyer shall indemnify, defend and hold harmless Rosemead and the Real Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorney's fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents, or employees in connection therewith. The indemnity obligations set forth in this paragraph shall survive the termination of the Agreement and the recording of the deed.

c. Buyer will be provided with thirty (30) day period after the Inspection Period ("Financing Period") in order to provide Buyer with sufficient time to conduct necessary public agency hearings and meetings and transfer the Purchase Price funds.

7. Conditions Precedent.

The Close of Escrow is expressly conditioned on the following additional conditions:

a. Buyer's cash payment to Escrowholder of an amount equal to the Sale Price.

b. Buyer's payment of all charges for which Buyer is responsible herein.

c. Buyer's execution and delivery of all documents necessary to give effect to the exchange transaction contemplated herein.

d. Buyer's acquisition of the Real Property in accordance with the terms and conditions of this Offer, in "AS IS" condition without any representation or warranty of any kind from Rosemead as to the zoning, use, size, area, or condition of the Real Property or the suitability or usability of the Real Property for any particular purpose or as otherwise provided in Section 5 of this Agreement.

e.

Buyer's adoption of a Resolution of Necessity pursuant to California Code of Civil Procedure Section 1245.230. Nothing stated in this Agreement is intended to dictate, preclude or limit, in any way, Buyer's exercise of its discretion in determining whether or not to adopt a Resolution of Necessity.

f. Buyer's approval of the condition of title as provided herein.

8. Prorations.

Property taxes and assessments applicable to the Real Property shall be prorated, as of the Closing Date, based on the most recent property tax bill available.

9. Condemnation Waiver.

Rosemead waives any claims for compensation or damages based on any alleged failure by the City with respect to either providing Rosemead with a Notice of Decision to Appraise, or making a precondemnation offer to Rosemead, pursuant to Government Code Section 17980.7.

10. Representations and Warranties.

Rosemead covenants, warrants, and represents to Buyer as follows:

a. As of the Closing Date, Rosemead shall have the full right and authority to convey the Real Property pursuant to the terms and conditions hereof.

b. As of the Closing Date, there shall be no leases, tenancies, or rental agreements affecting the Real Property.

c. Rosemead's representations and warranties shall be true at the Closing Date and shall survive the Closing Date.

11. Title Insurance; Closing Costs.

a. As of the Closing Date, Rosemead will furnish a CLTA Standard Owner's Policy of Title Insurance, with coverage in the amount of the Sale Price, insuring in Buyer the title to the Real Property as set forth in Section 4 hereof.

b. Closing costs will be allocated to the parties in the customary fashion, as follows: (1) Buyer will pay the applicable premium for the title insurance policy referred to above; (2) Buyer will pay for recording of the Grant Deed for the Real Property; (3) Buyer will pay the applicable documentary transfer tax, if any; (4) Buyer will pay for the escrow company fees and such other miscellaneous expenses of closing as may be required.

12. Assignment.

Buyer may not assign all or any portion of Buyer's right, title, and interest herein prior to the Closing Date, unless Buyer first obtains Rosemead's written consent.

13. Broker's Commission.

Buyer shall be responsible for any broker's commission or finder's fee incurred in connection with the exchange and transfer of the Real Property and shall indemnify, defend, and hold harmless Rosemead from and against any and all liabilities, losses, claims, damages, costs, and expenses, including, without limitation, attorney fees, for any such broker's commission or finder's fee. Rosemead warrants and represents that it has not hired, retained, or contracted with any person or entity regarding sale of the Real Property and that it has not authorized any broker's commission or finder's fee in connection with this transaction.

14. Notices.

The notices to be given by either party to the other shall be deemed to have been duly given when made in writing and personally delivered or deposited with the United States Postal Service, with first-class postage prepaid, facsimile, or email with printed confirmation of transmission, and delivered as follows:

To Rosemead:

Rosemead Properties, Inc.
Attn: Robert W. Nicholson, Vice President
11142 Garvey Avenue
Post Office Box 6010
El Monte, CA 91734
Facsimile: (626) 448-5530

To Buyer:

City of Fontana
ATTN: City Manager
8353 Sierra Ave.
Fontana, CA 92335

15. Time of Essence; Attorney Fees.

Time is of the essence of this Offer and the transaction contemplated hereby. Should any party to this Agreement commence legal action, arbitration, or other proceeding, to enforce the terms hereof or to recover damages by reason of breach, the prevailing party in such action shall be entitled to receive, in addition to any other award, such party's reasonable attorneys' fees, costs, and litigation expenses incurred therein.

16. Miscellaneous Provisions.

a. The waiver of, or failure to enforce, any provision hereof shall not operate as a waiver of any future breach of such provision or of any other provision hereof. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing at a later time.

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b. All understandings and agreements heretofore between the parties respecting this transaction are merged into this Agreement which alone fully and completely expresses their agreement, and there are no representations, warranties, or agreements, except as specifically set forth herein.

c. No change or addition to this Offer or any part hereof shall be valid unless made and approved in writing by or on behalf of each party.

d. Subject to the provisions of Section 11 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

17. Acceptance.

Rosemead can accept this Offer by executing one of the enclosed signed counterparts hereof, in the space provided, and returning the same to Buyer at the Buyer's address set forth below by not later than 5:00 p.m. Pacific Time, Friday, October 15, 2021. If Buyer has not received a duly executed counterpart of this Offer by said date, this Offer shall be null and void and of no further force and effect.

By: _____
Shannon Yauchzee
City Manager

The foregoing Offer is accepted and the terms thereof are agreed to in their entirety this _____ day of _____, 2021.

ROSEMEAD PROPERTIES, INC.

By: _____
Robert W. Nicholson, Vice President

ATTACHMENT 1

DESCRIPTION OF
REAL PROPERTY

PARCEL 1:

THE WEST 1/2 OF LOT 193 ACCORDING TO MAP OF ETIWANDA VINEYARDS, IN THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17, PAGE 29 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

NOTE: AREA AND DISTANCES COMPUTED TO STREET PURPOSES.

PARCEL 2:

THE EAST ONE-HALF OF LOT 193 OF ETIWANDA VINEYARD, IN THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 17 PAGE 29 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

NOTE: AREAS AND DISTANCES COMPUTED TO THE RANGE LINE OF THE EAST ALL OTHER AREAS AND DISTANCES COMPUTED TO STREET CENTERS.

For APN/Parcel ID(s): 0232-201-12/ 0232-201-13