

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "MOU") is made and entered into this ____ day of November, 2010 (the "Effective Date"), by and between the County of San Mateo, a subdivision of the State of California ("County"), and the City of Redwood City, a charter city and a municipal corporation of the State of California ("City"), collectively referred to herein as the "Parties".

RECITALS

- A. The County desires to construct new or expand additional jail facilities ("Replacement Jail Facilities").
- B. County is in the process of considering various sites for the Replacement Jail Facilities, a number of which sites are located within City's downtown area.
- C. City has adopted a Redevelopment Plan ("Redevelopment Plan") for Redwood City Redevelopment Project Area No. 2 ("Project Area"), which includes the downtown area.
- D. City believes additional jail facilities in the downtown area would hinder City's redevelopment goal of creating a vibrant downtown area consistent with City's proposed General Plan and Downtown Precise Plan and the Redevelopment Plan and, therefore, City has offered to assist County in identifying viable alternative sites for the Replacement Jail Facilities.
- E. City has entered into four (4) Real Estate Option Agreements ("Option Agreements") with the owners of property located within the City at 20, 50, 70 and 80 Chemical Way, in the Woodhouse Industrial Park as shown on the "Map of Woodhouse Industrial Park Property," attached hereto as Exhibit A and incorporated herein ("Woodhouse Industrial Park Property"). Recorded Memorandums of the Option Agreements are attached hereto as Exhibit B and are incorporated herein.
- F. One of the public purposes being considered by County for the Woodhouse Industrial Park Property is construction of the Replacement Jail Facilities in order to accommodate both County's desire for additional jail facility needs and relocation of the existing Women's Correctional Center.
- G. Pursuant to the Option Agreements, City has the right to purchase and acquire the Woodhouse Industrial Park Property. Pursuant to the Option Agreements, City has also made option payments totaling \$8,000 and posted refundable deposits totaling \$192,000.
- H. City has commenced studies, testing, and analysis relating to the Woodhouse Industrial Park Property ("Feasibility Studies"), and in connection with undertaking the Feasibility Studies has entered into contracts with third party consultants, including Liebert and Associates, and, as of the Effective Date, incurred costs ("Feasibility Costs") in the amount of \$477,008, as set forth in Exhibit D attached hereto.

- I. In accordance with CEQA, County has retained an environmental consultant, TRA Environmental Sciences, Inc. ("TRA"), to prepare an Initial Study for a proposed project that would locate the Replacement Jail Facilities at the Woodhouse Industrial Park Property (the "Replacement Jail Project"). Based upon the results of the Initial Study, County, with assistance from TRA, will prepare an appropriate CEQA document for the proposed Replacement Jail Project ("CEQA Document").
- J. The County Board of Supervisors ("BOS") has (i) authorized the Sheriff to take all necessary steps to bring the proposed Replacement Jail Project and CEQA Document to the BOS for consideration, and (ii) approved the Pre-Architectural Program provided by Liebert and Associates with regard to the Replacement Jail Project at the Woodhouse Industrial Park Property.
- K. City and County wish to enter into this MOU in order to set forth the understandings and responsibilities of the Parties in connection with (i) County's reimbursement of City for certain of the City's Feasibility Costs, and (ii) County's potential subsequent assumption of the Option Agreements and acquisition of the Woodhouse Industrial Park Property at County's expense.
- L. The Parties recognize that the primary purpose of this MOU is to set forth the rights and obligations of the Parties with respect to review and evaluation of the Woodhouse Industrial Park Property and that the MOU does not commit either of the Parties to acquire the Woodhouse Industrial Park Property, or County to construct the Replacement Jail Facilities on the Woodhouse Industrial Park Property. The Parties also recognize that if, following approval of the appropriate CEQA Document and completion of the analyses and feasibility studies, the Parties desire to proceed with such acquisitions and development, then subsequent agreements, permits and discretionary approvals will be needed.

AGREEMENT

NOW, THEREFORE, County and City, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

SECTION 1: COUNTY AGREEMENTS

- A. Subject to the terms and conditions in this MOU, and the further action of its Board of Supervisors at its meeting of December 14, 2010, County agrees to accept the assignment of the Option Agreements as set forth in Section 2.A., below. Such further action of the County's Board of Supervisors (BOS) shall be at the sole discretion of the BOS and based on considerations that include but shall not be limited to any or all of the following: feasibility studies; investigation of the site conditions at the Woodhouse Industrial Park Property; development of preliminary drawings or plans that contain sufficient information to permit a meaningful environmental assessment of the Replacement Jail Project; environmental review of the Replacement Jail Project in compliance with the California Environmental Quality Act ("CEQA"); and economic feasibility of the Replacement Jail Project.

- B. If County opts to assume the Option Agreements by delivering the County-executed Assignment and Assumption Agreement to City as provided in Section 1.D (i) below, then, within 10 days following County's exercise of the options to purchase the Woodhouse Industrial Park Property, County shall pay to City actual amounts expended by City on Feasibility Costs, less \$43,750. The total reimbursement shall not exceed \$433,258. The foregoing reimbursement payment shall be retained by City regardless of whether County proceeds to develop the Replacement Jail Project. County's obligations under this Section 1.B. shall survive termination of this MOU. If the County does not exercise the options to purchase of the Woodhouse Industrial Park Property, then County will not be required to reimburse the City for any of City's Feasibility Costs.
- C. With regard to the further action of its Board of Supervisors ("BOS") at its meeting of December 14, 2010, nothing in this MOU shall require the BOS to approve any proposed CEQA Document and the BOS reserves full discretion in connection with consideration of any such proposed CEQA Document, and further reserves the discretion to assume or refuse the Option Agreements or to take any other or additional actions it may find to be necessary or appropriate.
- D. On or before 5:00 p.m. on December 22, 2010, County shall deliver to the City either (i) a fully County-executed Assignment and Assumption Agreement (as defined in Section 2.A. below), or (ii) a written notice of termination of this MOU. If County delivers the fully executed Assignment and Assumption Agreement, then County shall assume City's rights and obligations under the Option Agreements and concurrently therewith pay City \$200,000 to reimburse City for deposits and option payments made by City and deposited into escrow pursuant to the Option Agreements. If County delivers a written notice of termination, then this MOU and all rights and responsibilities of the parties hereunder shall cease and terminate.

SECTION 2: CITY AGREEMENTS

- A. City hereby irrevocably offers to County the right to accept the assignment and assumption of all of City's rights and obligations under all four of the Option Agreements. This offer is for all four of the Option Agreements together – the County must accept all four or none. In order to accept this offer, the County must execute and deliver to the City, before 5:00 p.m. on December 22, 2010, a County-executed Assignment and Assumption Agreement for all four of the Option Agreements. This offer by the City shall expire and no longer be available for acceptance by the County as of 5:00 p.m. on December 22, 2010. The Assignment and Assumption Agreement shall be in the form attached hereto as Exhibit E and evidence the City's assignment of its rights and obligations under the Options Agreements and the County's acceptance and assumption of those rights and obligations.
- B. City agrees that it will comply with all obligations on its part under the Option Agreements to ensure that the Option Agreements remain in full force and effect until the first to occur of (i) December 27, 2010, (ii) the date that County delivers to City a notice of termination of this MOU as provided in Section 1.D. above, or

(iii) the date, if ever, that City and County execute and deliver the Assignment and Assumption Agreement.

- C. To the extent permitted under the Option Agreements, City agrees to provide County with copies of all studies, reports, contracts and any other documents pertaining to the Woodhouse Industrial Park Property that City receives from the owners of the Woodhouse Industrial Park Property. City makes no representations or warranties regarding the accuracy or completeness of any such documents, and County shall rely on its own independent assessment of such documents and all other matters pertaining to its decision to acquire the Woodhouse Industrial Park Property.
- D. At County's expense, City shall collaborate and cooperate with the County during the feasibility period under the Option Agreements, during the County's deliberations and considerations of the use of the Woodhouse Industrial Park Property for the site of the Replacement Jail Project, and during the planning and construction of the Replacement Jail Project should the Woodhouse Industrial Park Property be used for the Replacement Jail Project site.
- E. Subject to compliance with all applicable State and local laws, City on its own accord shall expeditiously review and consider for approval the vacation of all of City's interest and rights in the Chemical Way right-of-way, as required and appropriate to facilitate the proposed development of the Replacement Jail Project, at no cost to County. City may condition the effectiveness of the Chemical Way vacation upon County's acquisition of fee title to the Woodhouse Industrial Park Property, the termination or expiration of all tenancies and relocation of all occupants from the Woodhouse Industrial Park Property, County's initiation of demolition activities with respect to the existing improvements, and County obtaining approval from applicable agencies and utility providers of plans for relocation or replacement of all utility conduits and facilities as may be required for County's use of the Woodhouse Industrial Park Property. Upon City's approval of the Chemical Way right-of-way vacation and satisfaction of all conditions on the effectiveness of such vacation, the City's interest in the right-of-way shall revert to the County, as owner of the Woodhouse Industrial Park Property. City's consideration of such right-of-way vacation shall occur as soon as possible following the Effective Date. To the extent necessary to accommodate development of the Replacement Jail Project or uses ancillary to the Replacement Jail Project, or other public use of the Woodhouse Industrial Park Property by the County, City shall also cooperate with County to relocate any City public utility easements that may be located on, under or about the Woodhouse Industrial Park Property. County shall be obligated to pay or reimburse City all costs associated with such utility easement relocations. In addition, as soon as possible following the Effective Date, City shall convey or caused to be conveyed to County the two City-owned parcels generally described as the approximately 1'-wide strips of land fronting the 20 and 80 Chemical Way properties and running the entire length of Maple Street, designated as APN's 052-392-230 and 052-392-180 (collectively, the "City-Owned Strips") for use in connection with the Replacement Jail Project, or uses ancillary to the Replacement Jail Project, or other public use of the Woodhouse Industrial Park Property by the County. The deed for conveyance of the City-Owned Strips shall include a reverter clause in favor of City in the event the

Woodhouse Industrial Park Property is used or developed for any purpose other than the Replacement Jail Project, uses ancillary to the Replacement Jail Project, or other public use of the Woodhouse Industrial Park Property by the County.

SECTION 3: TERM

This MOU shall commence on the Effective Date and shall terminate upon either (1) City's receipt of a notice of termination as provided in Section 1.D (ii) above, or (2) City's receipt of the County-executed Assignment and Assumption Agreement, as provided in Section 1.D (i) above. In the event County delivers the County-executed Assignment and Assumption Agreement, then City's obligations with respect to vacation of the Chemical Way right-of-way, relocation of utility easements and conveyance of the two City-Owned Strips as set forth in Section 2.E. above, and County's obligations with respect to payment of a portion of City's Feasibility Costs as set forth in Section 1.B. above, shall survive termination of this MOU.

SECTION 4: MISCELLANEOUS

A. All notices required hereunder may be given by personal delivery, U.S. mail, or courier service (e.g. Federal Express). Notices shall be effective upon receipt at the following addresses:

To County: _____
County of San Mateo
400 County Center
Redwood City, CA 94063
Tel: (____) _____ - _____

With a copy to: County Counsel
County of San Mateo
400 County Center, 6th Floor
Redwood City, CA 94063
Tel: (650) 363 - 4250

To City: City Manager
City of Redwood City
1017 Middlefield Road
P. O. Box 391
Redwood City, CA 94063
Tel: (____) _____ - _____

With a copy to: City Attorney
City of Redwood City
1017 Middlefield Road
P. O. Box 391
Redwood City, CA 94063
Tel: (650) 780-7200

- B. By execution of this MOU, the Parties are not committing to or agreeing to undertake any acts or activities requiring the subsequent independent exercise of discretion by the Parties or any department thereof, other than as specifically set forth and agreed under this MOU. The County retains the absolute discretion before action on the Replacement Jail Project to (1) make such modifications to the proposed Replacement Jail Project as may be necessary to mitigate significant environmental impacts or as may otherwise be necessary or appropriate, (2) select a site other than the Woodhouse Industrial Park Property as the preferred site for the Replacement Jail Facilities; (3) balance the benefits of the Replacement Jail Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided; or (4) determine not to proceed with the Replacement Jail Project or any other project.
- C. Nothing in this MOU is intended to nor does establish the Parties as partners, co-venturers or principal and agent with one another.
- D. This MOU shall be interpreted under and pursuant to the laws of the State of California. The Parties agree that the jurisdiction and venue of any dispute between the Parties to this MOU shall be the Superior Court of San Mateo County.
- E. Waiver of a breach or default under this MOU shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provisions of this MOU.
- F. This MOU shall not be assigned by any Party.
- G. If any provision of this MOU or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this MOU and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.
- H. This MOU represents the full, complete and entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other communications, representations, proposals, understandings or agreements, whether written or oral, between the Parties hereto with respect to such subject matter. This MOU may not be modified or amended, in whole or in part, except by in writing signed by an authorized officer or representative of each of the Parties hereto.
- I. As used in this MOU, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This MOU shall be interpreted as though prepared jointly by all Parties.
- J. The Parties represent that the individuals whose signatures appear at the end of this document as signatories are authorized by their respective boards to enter into this MOU on behalf of and to bind their respective agencies to the terms of this MOU.

- K. This MOU may be signed in counterparts and the signature pages combined shall create a document binding on all the Parties.

This Memorandum of Understanding is made and entered into as of the Effective Date set forth above.

COUNTY:

COUNTY OF SAN MATEO,
a subdivision of the State of California

By: _____
President, Board of Supervisors, County of San Mateo

APPROVED AS TO FORM:
Office of the County Counsel

By: _____

CITY:

CITY OF REDWOOD CITY,
a charter city and a municipal corporation of the State of California

By: _____
Interim City Manager

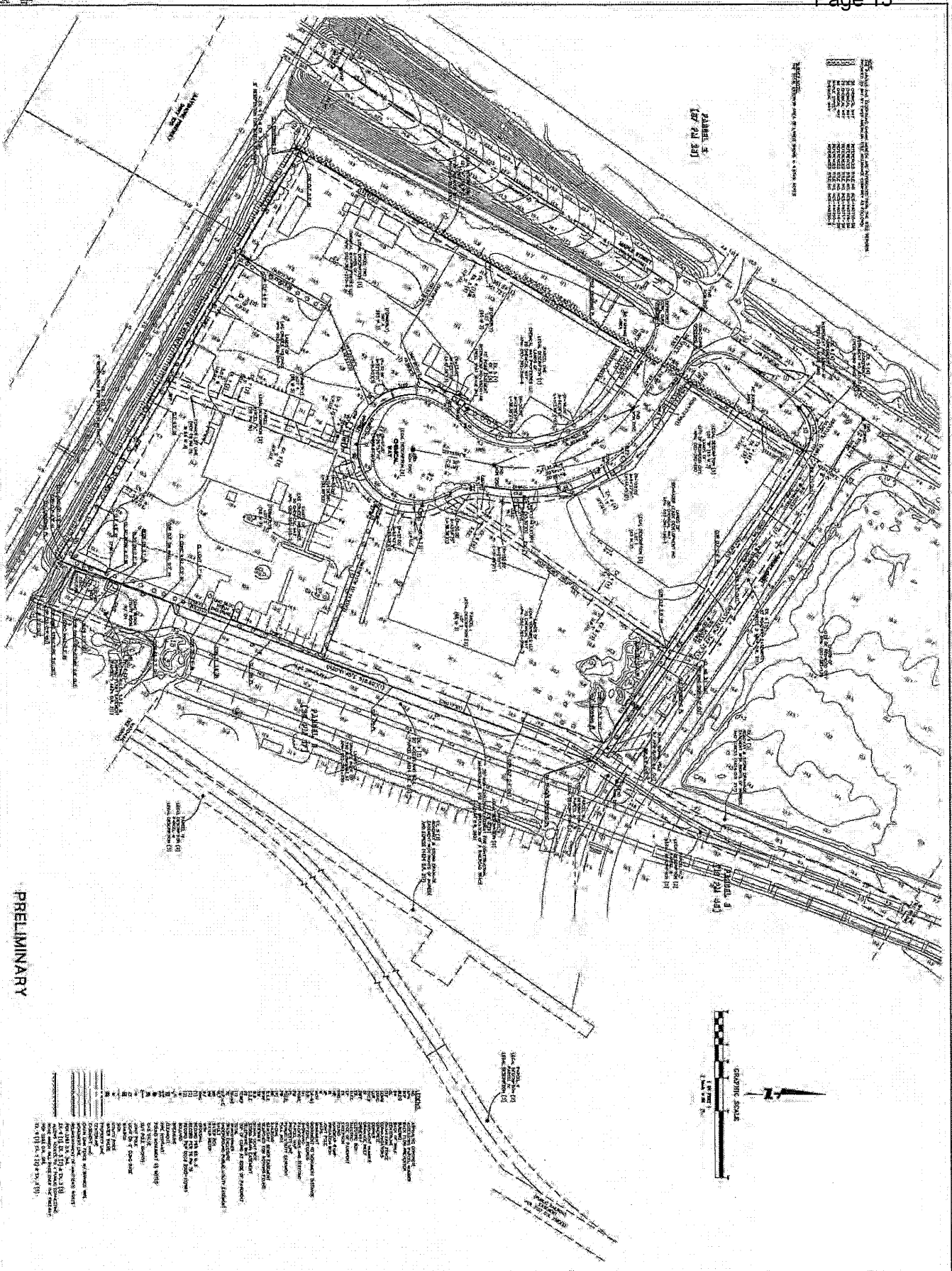
APPROVED AS TO FORM:
Office of the City Attorney

By: _____
Pamela Thompson
City Attorney

EXHIBIT A

MAP OF WOODHOUSE INDUSTRIAL PARK PROPERTY

[To be inserted.]



PRELIMINARY

NOTICE TO CONTRACTORS:
 THIS SURVEY IS PRELIMINARY AND NOT FOR CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING THE ACCURACY OF THE SURVEY DATA AND THE LOCATION OF ALL UTILITIES AND OBSTRUCTIONS PRIOR TO CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF REDWOOD CITY AND THE COUNTY OF SAN MATEO. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND OBSTRUCTIONS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ACCESS TO ALL ADJACENT PROPERTIES AT ALL TIMES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL EXISTING UTILITIES AND OBSTRUCTIONS TO ORIGINAL CONDITION OR BETTER. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF REDWOOD CITY AND THE COUNTY OF SAN MATEO. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND OBSTRUCTIONS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ACCESS TO ALL ADJACENT PROPERTIES AT ALL TIMES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL EXISTING UTILITIES AND OBSTRUCTIONS TO ORIGINAL CONDITION OR BETTER.

A.L.T.A. / A.C.S.M. LAND TITLE SURVEY
WOODHOUSE INDUSTRIAL PARK

CITY OF REDWOOD CITY COUNTY OF SAN MATEO STATE OF CALIFORNIA

BKF
 2350 SHORELINE BLVD
 SUITE 200
 REDWOOD CITY, CA 94065
 650-485-6000
 650-485-6006 (FAX)

2500 ENGINEERS

Sheet	Number
1	1
2	2

EXHIBIT B

MEMORANDUMS OF OPTION AGREEMENTS

[To be inserted.]

First American Title Insurance Company

Accommodation order no.
NCS-440746-SM

When recorded mail to:

1017 Middlefield Road
Redwood City, CA 94063
Attn: City Manager

WE HEREBY CERTIFY THIS TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL RECORDED

ON 11/12/2010 INSTRUMENT # 2010-135894

COUNTY OF San Mateo

FIRST AMERICAN TITLE COMPANY

BY 

No Fee for Recording pursuant to Government Code Section 27383

(above space for recorder's use)

Memorandum of Real Estate Option Agreement
(80 Chemical Way)

ACCOMMODATION RECORDING
THIS INSTRUMENT IS BEING FILED BY FIRST AMERICAN TITLE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS TO ITS EXECUTION AND
NO LIABILITY IS ASSUMED AS TO ITS EFFECT UPON THE TITLE.

Recording Requested by and:
When Recorded Return to:

CITY OF REDWOOD CITY
1017 Middlefield Road
Redwood City, California 94063
Attn: City Manager

This Space For Recorder's Use Only

MEMORANDUM OF REAL ESTATE OPTION AGREEMENT
(80 Chemical Way)

By this Memorandum of Real Estate Option Agreement (this "Memorandum") dated as of October 20, 2010, **SCHRADER LEASK DEVELOPMENT, INC.**, a California corporation ("Owner"), and **THE CITY OF REDWOOD CITY**, a charter city and municipal corporation of the State of California ("Optionee"), acknowledge and agree to the following:

1. Real Estate Option Agreement. Pursuant to the terms of that certain unrecorded Real Estate Option Agreement (the "Option Agreement"), by and between Owner and Optionee, dated as of October 1, 2010, Owner grants to Optionee the exclusive right and option to purchase that certain real property, consisting of approximately 0.73 acres of land, having Assessor Parcel Number 052-392-190, located in the City of Redwood City, County of San Mateo, State of California, as more particularly described on Exhibit A attached hereto (the "Property").

2. Term. The term of the Option Agreement, and any rights or interest of Optionee in and to the Property created hereby, shall begin on the date of this Memorandum, and shall end no later than December 31, 2011, and may end earlier as provided in the Option Agreement.

3. Price and Terms. The price and other terms are set forth in the Option Agreement, all of the terms, covenants and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Option Agreement, the Option Agreement shall control. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as is set forth in the Purchaser Agreement.

4. Effect. Owner and Optionee have executed and recorded this Memorandum for the purpose of imparting notice of the Option Agreement and the respective rights and obligations of Owner and Optionee thereunder. The obligations of

Owner and Optionee to be performed under the Option Agreement and this Memorandum, whether to be performed on the Property or elsewhere and whether such obligations are affirmative or negative in nature, are intended to and shall bind Owner and Optionee and shall bind and inure to the benefit of and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Owner and Optionee have signed this Memorandum of Option Agreement dated as of the date first set forth above.

OWNER:

SCHRADER LEASK DEVELOPMENT, INC., a California corporation

By: 

Name: James G Leask

Its: Vice President

OPTIONEE:

CITY OF REDWOOD CITY, a charter city and municipal corporation of the State of California

By: 

Name: Peter C. Ingram

Its: City Manager

ATTEST:


Silvia Vonderflinden, City Clerk

11/08/10

State of California

County of San Mateo

On OCT 29 2010 before
me Sonia M Neves, Notary Public

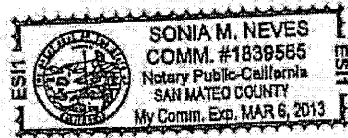
Personally
appeared James G. Leask

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 Sonia M Neves (seal)



State of California

County of San Mateo

On November 3, 2010 before
me Gina Tara Kundert, Notary Public

Personally
appeared Peter C. Ingram

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 [Signature] (seal)

Gina Tara Kundert

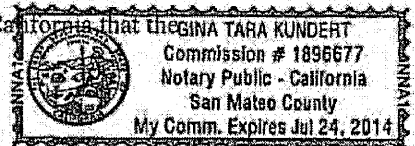


Exhibit A

LEGAL DESCRIPTION

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

LOT 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED "WOODHOUSE INDUSTRIAL PARK, REDWOOD CITY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON JUNE 17, 1966 IN BOOK 65 OF MAPS AT PAGE(S) 3.

APN: 052-392-19D-6
JPN: 052-039-392-19A

First American Title Insurance Company

Accommodation order no.
NCS-440747-SM

When recorded mail to:

City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063
Attn: City Manager

WE HEREBY CERTIFY THIS TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL RECORDED

ON: 11/12/2010 INSTRUMENT # 2010-135895

COUNTY OF: San Mateo

FIRST AMERICAN TITLE COMPANY

BY: 

No Fee for Recording pursuant to Government Code Section 27383

(above space for recorder's use)

Memorandum of Real Estate Option Agreement
(70 Chemical Way)

ACCOMMODATION RECORDING
THIS INSTRUMENT IS BEING FILED BY FIRST AMERICAN TITLE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS TO ITS EXECUTION AND
NO LIABILITY IS ASSUMED AS TO ITS EFFECT UPON THE TITLE.

Recording Requested by and:
When Recorded Return to:

CITY OF REDWOOD CITY
1017 Middlefield Road
Redwood City, California 94063
Attn: City Manager

This Space For Recorder's Use Only

MEMORANDUM OF REAL ESTATE OPTION AGREEMENT
(70 Chemical Way)

By this Memorandum of Real Estate Option Agreement (this "Memorandum") dated as of October 20, 2010, KONA VENTURES, LLC, a California limited liability company ("Owner"), and THE CITY OF REDWOOD CITY, a charter city and municipal corporation of the State of California ("Optionee"), acknowledge and agree to the following:

1. Real Estate Option Agreement. Pursuant to the terms of that certain unrecorded Real Estate Option Agreement (the "Option Agreement"), by and between Owner and Optionee, dated as of October 1, 2010, Owner grants to Optionee the exclusive right and option to purchase that certain real property, consisting of approximately 0.956 acres of land, having Assessor Parcel Number 052-392-200, located in the City of Redwood City, County of San Mateo, State of California, as more particularly described on Exhibit A attached hereto (the "Property").
2. Term. The term of the Option Agreement, and any rights or interest of Optionee in and to the Property created hereby, shall begin on the date of this Memorandum, and shall end no later than December 31, 2011, and may end earlier as provided in the Option Agreement.
3. Price and Terms. The price and other terms are set forth in the Option Agreement, all of the terms, covenants and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Option Agreement, the Option Agreement shall control. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as is set forth in the Purchaser Agreement.
4. Effect. Owner and Optionee have executed and recorded this Memorandum for the purpose of imparting notice of the Option Agreement and the respective rights and obligations of Owner and Optionee thereunder. The obligations of

Owner and Optionee to be performed under the Option Agreement and this Memorandum, whether to be performed on the Property or elsewhere and whether such obligations are affirmative or negative in nature, are intended to and shall bind Owner and Optionee and shall bind and inure to the benefit of and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Owner and Optionee have signed this Memorandum of Option Agreement dated as of the date first set forth above.

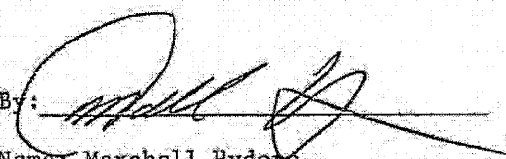
OWNER:

KONA VENTURES, LLC,
a California limited liability company

By: Ben Paul

Name: Ben Paul, as Trustee

Its: Member


By: 

Name: Marshall Hydon

Its: Member

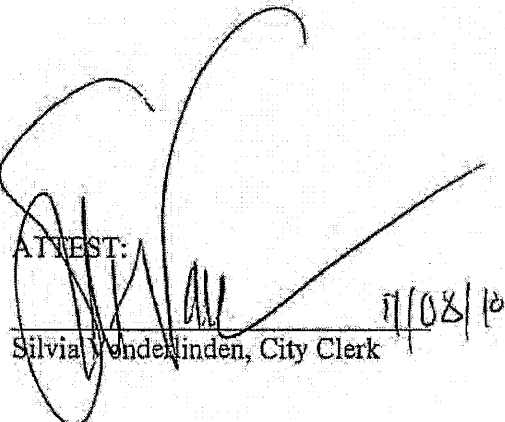
OPTIONEE:

CITY OF REDWOOD CITY, a charter city and municipal corporation of the State of California

By: 

Name: Peter C. Ingram

Its: City Manager

ATTEST: 
Silvia Vonder Linden, City Clerk 11/08/10

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF California)SS
COUNTY OF San Mateo)

File No:
APN No:

On October 29, 2010 before me, Karen Matsunaga, Notary Public, personally appeared

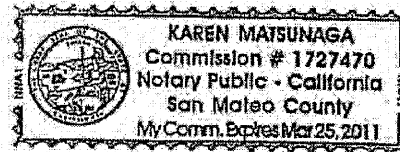
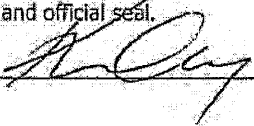
BEN PAUL AND MARSHALL HYDORN

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 _____



This area for official notarial seal.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Mateo

On Nov. 3 2010 before me, Gina Tara Kundert, Notary Public

Date

Here Insert Name and Title of the Officer

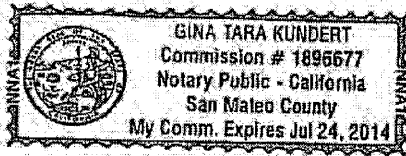
personally appeared Peter G. Ingram

Name(s) of Signer(s)

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: Gina Tara Kundert

Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document: Memorandum of Real Estate Option Agreement

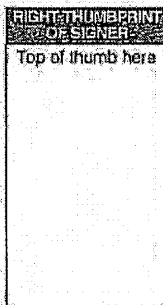
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

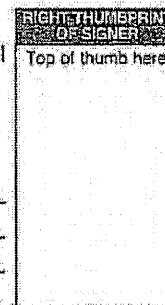
Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: City of Redwood City

Signer Is Representing: _____

Exhibit A

LEGAL DESCRIPTION

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

Parcel I:

Lot 2, as shown on that certain map entitled "Woodhouse Industrial Park, Redwood City, California", filed in the Office of the County Recorder of San Mateo County, State of California, on June 17, 1966 in Book 65 of Maps at Page(s) 3,

Parcel II:

A non-exclusive easement appurtenant to Parcel I above, for the construction, maintenance, use and operation of a railroad tract in, over and upon strip of land 20 feet wide, the center line of which strip is specifically described follows:

Beginning at a point on the Northerly boundary line of lands described as Parcel 2 in that certain Deed to Arthur N. Blomquist and Elsie U. Blomquist, his wife from Blomquist Oil Service, Inc., dated February 1, 1961 and recorded February 17, 1961 in Book 3936 of Official Records at Page 449 (Filed No. 32424-T), Records of San Mateo County, California, said point being distant North $55^{\circ} 13' 12''$ West 72.54 feet from the point of intersection of the courses, North $55^{\circ} 13' 12''$ West 411.22 feet and North $88^{\circ} 53' 28''$ West 936.33 feet, as recited in the last said Deed; thence from said point of beginning, South $34^{\circ} 24' 17''$ West 7.53 feet to a point at the beginning of a tangent curve to the left; thence along the arc of last said curve, having a radius of 383.06 feet, through a central angle of $3^{\circ} 21' 23''$, an arc length of 22.44 feet to a point on the Northeasterly line of the lands of Douglass and Woodhouse, as said lands are described in that certain Deed recorded October 20, 1959 in Book 3691 of Official Records at Page 496, Records of San Mateo County, California, said point being distant North $55^{\circ} 13' 21''$ West 3.55 feet, along last said line, from the most Easterly corner of last said lands.

Parcel III:

A non-exclusive easement appurtenant to Parcel I above, for the construction, maintenance, use and operation of a railroad track in, over and upon a strip of land 20 feet wide, the center line of which strip is specifically described as follows:

Beginning at a point on the Northerly boundary line of lands described as Parcel 2 in that certain Deed to Arthur N. Blomquist and Elsie U. Blomquist, his wife from Blomquist Oil Service, Inc., dated February 1, 1961 and recorded February 17, 1961 in Book 3936 of Official Records at Page 449 (Filed No. 32424-T), Records of San Mateo County, California, said point being distant North $55^{\circ} 13' 12''$ West 72.54 feet from the point of intersection of the courses North $55^{\circ} 13' 12''$ West 411.22 feet and North $88^{\circ} 53' 28''$ West 936.33 feet, as recited in the last said Deed; thence from said point of beginning of a tangent curve to the left; thence along the arc of last said curve, having a radius of 383.06 feet, through a central angle of $13^{\circ} 48' 18''$ an arc length of 92.30 feet; thence North $20^{\circ} 35' 59''$ East 87.39 feet to a point at the beginning of a tangent curve to the right; thence along the arc of last said curve, having a radius of 383.06 feet, through a central angle of $14^{\circ} 45' 30''$, an arc length of 98.67 feet; thence North $35^{\circ} 21' 29''$ East 89.23 feet to a point at the beginning of a tangent curve to the right; thence along the arc of last said curve, having a radius of 440.00 feet, through a central angle of $42^{\circ} 52' 30''$ an arc length of 338.56 feet; thence $78^{\circ} 13' 59''$ East 520.22 feet to a point at the beginning of a tangent curve to the

left; thence along the arc of last said curve, having a radius of 800 feet, through a central angle $2^{\circ} 38' 55''$, an arc length of 36.98 feet to a point on the Easterly line of said lands of Blomquist Oil Service and the Easterly terminus of the herein described center line.

Parcel IV:

A non-exclusive easement appurtenant to Parcel I above for the construction, maintenance, use and operation of a railroad tract, in, over and upon a strip of land 20 feet wide, and lying 10 feet on each side of the following described center line, and being a portion of that certain 14.517 acre parcel conveyed to the Bayshore Development Company, a California Corporation, by Deed recorded December 30, 1955 in Book 2943 of Official Records at Page 483, Records of San Mateo County, California, said strip being more particularly described as follows:

Beginning at a point on the Easterly line of that certain 12.266 acre parcel described in the Deed to Blomquist Oil Service, recorded April 28, 1949 in Book 1654 of Official Records at Page 705, Records of San Mateo County, California, distant thereon North $0^{\circ} 03' 30''$ East 1917.47 feet from the Southeasterly corner of said Parcel; thence North $80^{\circ} 35' 30''$ East 63.02 feet; thence along the arc of a curve to the left, on a radius of 382.252 feet, through a central angle of $19^{\circ} 00'$, a distance of 126.76 feet; thence North $61^{\circ} 31' 30''$ East 52.27 feet to a point on the Northwesterly line of the 20 foot easement recorded in Book 3107 of Official Records at Page 256, Records of San Mateo County, California.

Said Easements were created by deed dated July 14, 1966 and recorded July 15, 1966 under File No. 81769-Z, (Book 5190 of Official Records at Page 374), Records of San Mateo County, California.

APN: 052-392-200-3
JPN: 052-039-392-20A

First American Title Insurance Company

Accommodation order no.
NCS-440749-SM

When recorded mail to:

City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063
Attn: City Manager

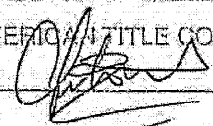
WE HEREBY CERTIFY THIS TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL RECORDED

ON: 11/12/2010 INSTRUMENT # 2010-135896

COUNTY OF: San Mateo

FIRST AMERICAN TITLE COMPANY

BY



No Fee for Recording pursuant to Government Code Section 27383

(above space for recorder's use)

Memorandum of Real Estate Option Agreement
(50 Chemical Way)

ACCOMMODATION RECORDING

**THIS INSTRUMENT IS BEING FILED BY FIRST AMERICAN TITLE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS TO ITS EXECUTION AND
NO LIABILITY IS ASSUMED AS TO ITS EFFECT UPON THE TITLE.**

Recording Requested by and:
When Recorded Return to:

CITY OF REDWOOD CITY
1017 Middlefield Road
Redwood City, California 94063
Attn: City Manager

This Space For Recorder's Use Only

MEMORANDUM OF REAL ESTATE OPTION AGREEMENT
(50 Chemical Way)

By this Memorandum of Real Estate Option Agreement (this "Memorandum") dated as of October 20, 2010, **LAS CRUCES HOLDINGS, LLC**, a California limited liability company ("Owner"), and **THE CITY OF REDWOOD CITY**, a charter city and municipal corporation of the State of California ("Optionee"), acknowledge and agree to the following:

1. Real Estate Option Agreement. Pursuant to the terms of that certain unrecorded Real Estate Option Agreement (the "Option Agreement"), by and between Owner and Optionee, dated as of October 1, 2010, Owner grants to Optionee the exclusive right and option to purchase that certain real property, consisting of approximately 1.44 acres of land, having Assessor Parcel Numbers 052-392-260 and 0052-392-210, located in the City of Redwood City, County of San Mateo, State of California, as more particularly described on Exhibit A attached hereto (the "Property").
2. Term. The term of the Option Agreement, and any rights or interest of Optionee in and to the Property created hereby, shall begin on the date of this Memorandum, and shall end no later than December 31, 2011, and may end earlier as provided in the Option Agreement.
3. Price and Terms. The price and other terms are set forth in the Option Agreement, all of the terms, covenants and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Option Agreement, the Option Agreement shall control. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as is set forth in the Purchaser Agreement.
4. Effect. Owner and Optionee have executed and recorded this Memorandum for the purpose of imparting notice of the Option Agreement and the respective rights and obligations of Owner and Optionee thereunder. The obligations of

Owner and Optionee to be performed under the Option Agreement and this Memorandum, whether to be performed on the Property or elsewhere and whether such obligations are affirmative or negative in nature, are intended to and shall bind Owner and Optionee and shall bind and inure to the benefit of and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Owner and Optionee have signed this Memorandum of Option Agreement dated as of the date first set forth above.

OWNER:

LAS CRUCES HOLDINGS, LLC,
a California limited liability company

By: *Ben Paul*

Name: *Ben Paul*

Its: *Member*

By: *Marshall Hydorn*

Name: Marshall Hydorn, as Trustee

Its: Member

OPTIONEE:

CITY OF REDWOOD CITY, a charter city and municipal corporation of the State of California

By: *Peter C. Ingram*

Name: *Peter C. Ingram*

Its: *City Manager*

ATTEST:
Silvia Vonderlinden
Silvia Vonderlinden, City Clerk

11/08/10

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF California)SS
COUNTY OF San Mateo)

File No:
APN No:

On October 29, 2010 before me, Karen Matsunaga, Notary Public, personally appeared **BEN PAUL AND MARSHALL HYDORN**

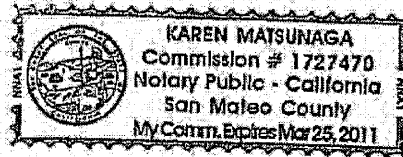
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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





This area for official notarial seal.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Mateo

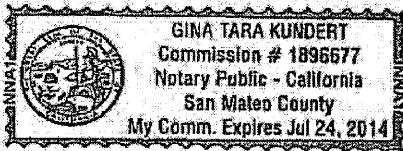
On Nov. 3, 2010 before me, Gina Tara Kundert, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Peter C. Ingosam
Name(s) of Signer(s)

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: Gina Tara Kundert
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document: Memorandum of Real Estate Option Agreement

Document Date: _____ Number of Pages: 6

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Top of thumb here

Signer is Representing: City of Redwood City

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Top of thumb here

Signer is Representing: _____

Exhibit A

LEGAL DESCRIPTION

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

PARCEL I:

PARCEL "A" AS SHOWN UPON PARCEL MAP NO. 2008-02 FILED FOR RECORD OCTOBER 22, 2008 IN VOLUME 78 OF PARCEL MAPS, AT PAGE 76-78 SAN MATEO COUNTY RECORDS.

PARCEL II:

A NON-EXCLUSIVE EASEMENT FOR THE CONSTRUCTION, MAINTENANCE, USE AND OPERATION OF A RAILROAD TRACK IN, OVER AND UPON A STRIP OF LAND TWENTY (20) FEET WIDE, LYING EQUALLY ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF THE ABOVE MENTIONED MAP, DISTANT THEREON NORTH 55° 13' 12" WEST 3.55 FEET FROM THE MOST EASTERLY CORNER OF LOT 2 AND RUNNING THENCE FROM SAID POINT OF BEGINNING, SOUTHWESTERLY, ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A RADIUS OF 383.06 FEET AND A CENTRAL ANGLE OF 10° 21' 09" AND BEING TANGENT TO A LINE BEARING SOUTH 31° 02' 54" WEST, FOR AN ARC DISTANCE OF 69.21 FEET; THENCE SOUTH 20° 41' 45" WEST 190 FEET, MORE OR LESS, TO THE SOUTHWESTERLY LINE OF SAID LOT 2.

PARCEL III:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCEL I ABOVE, FOR THE CONSTRUCTION, MAINTENANCE, USE AND OPERATION OF A RAILROAD TRACK IN, OVER AND UPON A STRIP OF LAND 20 FEET WIDE, THE CENTERLINE OF WHICH STRIP IS SPECIFICALLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY BOUNDARY LINE OF LANDS DESCRIBED AS PARCEL 2 IN THAT CERTAIN DEED TO ARTHUR N. BLOMQUIST AND ELSIE U. BLOMQUIST, HIS WIFE FROM BLOMQUIST OIL SERVICE, INC., DATED FEBRUARY 1, 1961 AND RECORDED FEBRUARY 17, 1961 IN BOOK 3936 OF OFFICIAL RECORDS AT PAGE 449 (FILED NO. 32424-T), RECORDS OF SAN MATEO COUNTY, CALIFORNIA, SAID POINT BEING DISTANT NORTH 55° 13' 12" WEST 72.54 FEET FROM THE POINT OF INTERSECTION OF THE COURSES NORTH 55° 13' 12" WEST 411.22 FEET AND NORTH 88° 53' 28" WEST 936.33 FEET, AS RECITED IN THE LAST SAID DEED; THENCE FROM SAID POINT OF BEGINNING, SOUTH 34° 24' 17" WEST 7.58 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE TO THE LEFT; THENCE ALONG THE ARC OF LAST SAID CURVE, HAVING A RADIUS OF 383.06 FEET, THROUGH A CENTRAL ANGLE OF 3° 21' 23", AN ARC LENGTH OF 22.44 FEET TO A POINT ON THE NORTHEASTERLY LINE OF THE LANDS OF DOUGLASS AND WOODHOUSE, AS SAID LANDS ARE DESCRIBED IN THAT CERTAIN DEED RECORDED OCTOBER 20, 1959 IN BOOK 3691 OF OFFICIAL RECORDS AT PAGE 496, RECORDS OF SAN MATEO COUNTY, CALIFORNIA, SAID POINT BEING DISTANT NORTH 55° 13' 21" WEST 3.55 FEET, ALONG LAST SAID LINE, FROM THE MOST EASTERLY CORNER OF LAST SAID LANDS.

PARCEL IV:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCEL I ABOVE FOR THE CONSTRUCTION,

MAINTENANCE, USE AND OPERATION OF A RAILROAD TRACK, IN, OVER AND UPON A STRIP OF LAND 20 FEET WIDE, THE CENTERLINE OF WHICH STRIP IS SPECIFICALLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY BOUNDARY LINE OF LANDS DESCRIBED AS PARCEL 2 IN THAT CERTAIN DEED TO ARTHUR N. BLOMQUIST AND ELSTIE U. BLOMQUIST, HIS WIFE FROM BLOMQUIST OIL SERVICE, INC., DATED FEBRUARY 1, 1961 AND RECORDED FEBRUARY 17, 1961 IN BOOK 3936 OF OFFICIAL RECORDS AT PAGE 449 (FILED NO. 32424-T), RECORDS OF SAN MATEO COUNTY, CALIFORNIA, SAID POINT BEING DISTANT NORTH 55° 13' 12" WEST 72.54 FEET FROM THE POINT OF INTERSECTION OF THE COURSES NORTH 55° 13' 12" WEST 411.22 FEET AND NORTH 88° 53' 28" WEST 936.33 FEET, AS RECITED IN THE LAST SAID DEED; THENCE FROM SAID POINT OF BEGINNING, NORTH 34° 24' 17" EAST 42.42 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE TO THE LEFT; THENCE ALONG THE ARC OF LAST SAID CURVE, HAVING A RADIUS OF 383.06 FEET, THROUGH A CENTRAL ANGLE OF 13° 48' 18", AN ARC LENGTH OF 92.30 FEET; THENCE NORTH 20° 35' 59" EAST 87.39 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE TO THE RIGHT; THENCE ALONG THE ARC OF LAST SAID CURVE, HAVING A RADIUS OF 383.06 FEET, THROUGH A CENTRAL ANGLE OF 14° 45' 30", AN ARC LENGTH OF 98.67 FEET; THENCE NORTH 35° 21' 29" EAST 89.23 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE TO THE RIGHT; THENCE ALONG THE ARC OF LAST CURVE, HAVING A RADIUS OF 440.00 FEET, THROUGH A CENTRAL ANGLE OF 42° 52' 30", AN ARC LENGTH OF 338.58 FEET; THENCE 78° 13' 59" EAST 520.22 FEET TO A POINT AT THE BEGINNING OF A TANGENT CURVE TO THE LEFT; THENCE ALONG THE ARC OF LAST SAID CURVE, HAVING A RADIUS OF 800 FEET, THROUGH A CENTRAL ANGLE OF 2° 38' 55", AN ARC LENGTH OF 36.98 FEET TO A POINT ON THE EASTERLY LINE OF SAID LANDS OF BLOMQUIST OIL SERVICE AND THE EASTERLY TERMINUS OF THE HEREIN DESCRIBED CENTERLINE.

PARCEL VI:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCEL I ABOVE FOR THE CONSTRUCTION, MAINTENANCE, USE AND OPERATION OF A RAILROAD TRACK, IN, OVER AND UPON A STRIP OF LAND 20 FEET WIDE AND LYING 10 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, AND BEING A PORTION OF THAT CERTAIN 14.517 ACRE PARCEL CONVEYED TO THE BAYSHORE DEVELOPMENT COMPANY, A CALIFORNIA CORPORATION, BY DEED RECORDED DECEMBER 30, 1955 IN BOOK 2943 OF OFFICIAL RECORDS AT PAGE 483, RECORDS OF SAN MATEO COUNTY, CALIFORNIA, SAID STRIP BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERLY LINE OF THAT CERTAIN 12.266 ACRE PARCEL DESCRIBED IN THE DEED TO BLOMQUIST OIL SERVICE, RECORDED APRIL 28, 1949 IN BOOK 1654 OF OFFICIAL RECORDS AT PAGE 705, RECORDS OF SAN MATEO COUNTY, CALIFORNIA, DISTANT THEREON NORTH 0° 03' 30" EAST 1917.47 FEET FROM THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE NORTH 80° 36' 30" EAST 53.02 FEET; THENCE ALONG THE ARC OF A CURVE TO THE LEFT, ON A RADIUS OF 382.25 FEET, THROUGH A CENTRAL ANGLE OF 19° 00', A DISTANCE OF 126.76 FEET; THENCE NORTH 61° 36' 30" EAST 52.27 FEET TO A POINT ON THE NORTHWESTERLY LINE OF THE 20 FOOT EASEMENT RECORDED IN BOOK 3107 OF OFFICIAL RECORDS AT PAGE 256, RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

SAID EASEMENTS WERE CREATED BY DEED DATED JULY 14, 1966 AND RECORDED JULY 15, 1966 UNDER FILE NO. 81771-2, (BOOK 5190 OF OFFICIAL RECORDS AT PAGE 383), RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

APN: 052-392-210-2 and 052-392-260-7

First American Title Insurance Company

**Accommodation order no.
NCS-440750-SM**

When recorded mail to:

**City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063
Attn: City Manager**

WE HEREBY CERTIFY THIS TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL RECORDED

ON: 11/12/2010 INSTRUMENT # 2010-135897

COUNTY OF: San Mateo

FIRST AMERICAN TITLE COMPANY
BY: [Signature]

No Fee for Recording pursuant to Government Code Section 27383

(above space for recorder's use)

Memorandum of Real Estate Option Agreement
(20 Chemical Way)

ACCOMMODATION RECORDING
THIS INSTRUMENT IS BEING FILED BY FIRST AMERICAN TITLE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS TO ITS EXECUTION AND
NO LIABILITY IS ASSUMED AS TO ITS EFFECT UPON THE TITLE.

Recording Requested by and:
When Recorded Return to:

CITY OF REDWOOD CITY
1017 Middlefield Road
Redwood City, California 94063
Attn: City Manager

This Space For Recorder's Use Only

MEMORANDUM OF REAL ESTATE OPTION AGREEMENT
(20 Chemical Way)

By this Memorandum of Real Estate Option Agreement (this "Memorandum") dated as of October 20, 2010, **CHEMICAL WAY PROPERTIES, LLC**, a California limited liability company ("Owner"), and **THE CITY OF REDWOOD CITY**, a charter city and municipal corporation of the State of California ("Optionee"), acknowledge and agree to the following:

1. Real Estate Option Agreement. Pursuant to the terms of that certain unrecorded Real Estate Option Agreement (the "Option Agreement"), by and between Owner and Optionee, dated as of October 1, 2010, Owner grants to Optionee the exclusive right and option to purchase that certain real property, consisting of approximately 1.03 acres of land, having Assessor Parcel Numbers 052-392-240 and 052-392-270, located in the City of Redwood City, County of San Mateo, State of California, as more particularly described on Exhibit A attached hereto (the "Property").

2. Term. The term of the Option Agreement, and any rights or interest of Optionee in and to the Property created hereby, shall begin on the date of this Memorandum, and shall end no later than December 31, 2011, and may end earlier as provided in the Option Agreement.

3. Price and Terms. The price and other terms are set forth in the Option Agreement, all of the terms, covenants and conditions of which are incorporated herein by reference as though set forth fully herein. In the event of any inconsistency between this Memorandum and the Option Agreement, the Option Agreement shall control. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as is set forth in the Purchaser Agreement.

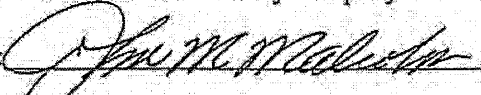
4. Effect. Owner and Optionee have executed and recorded this Memorandum for the purpose of imparting notice of the Option Agreement and the respective rights and obligations of Owner and Optionee thereunder. The obligations of

Owner and Optionee to be performed under the Option Agreement and this Memorandum, whether to be performed on the Property or elsewhere and whether such obligations are affirmative or negative in nature, are intended to and shall bind Owner and Optionee and shall bind and inure to the benefit of and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, Owner and Optionee have signed this Memorandum of Option Agreement dated as of the date first set forth above.

OWNER:

CHEMICAL WAY PROPERTIES, LLC,
a California limited liability company

By: 

Name: John M. Malcolm

Its: Managing Member

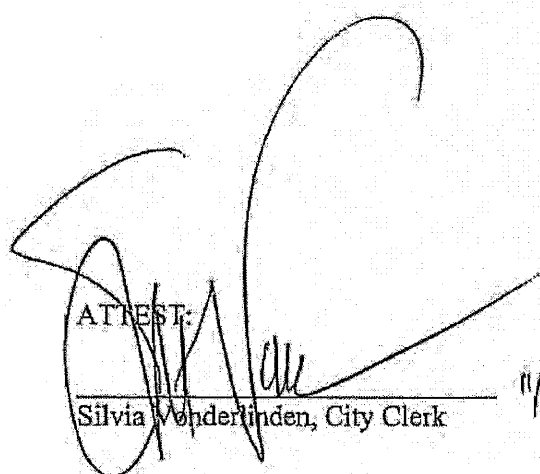
OPTIONEE:

CITY OF REDWOOD CITY, a charter
city and municipal corporation of the State
of California

By: 

Name: Peter C. Ingram

Its: City Manager


ATTEST:
Silvia Wenderlinden, City Clerk 11/08/10

State of California

County of SAN FRANCISCO

On OCTOBER 22, 2010 before
me ALICE J. ENG-FERRAS, Notary Public

Personally
appeared JOHN M. MALCOLM

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/his/their authorized capacity(ies) and that by his/his/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 *Alice Eng-Ferras* (seal)



State of California

County of San Mateo

On November 2, 2010 before
me Gina Tara Kundert, Notary Public

Personally
appeared Peter C. Ingram

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/his/their authorized capacity(ies) and that by his/his/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 *Gina Tara Kundert* (seal)

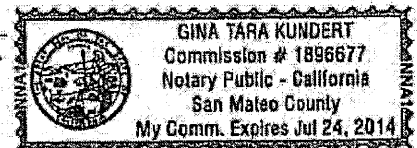


Exhibit A

LEGAL DESCRIPTION

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

PARCEL ONE:

PORTION OF LOT 4 AS SAID LOT IS SHOWN ON THAT CERTAIN MAP ENTITLED "WOODHOUSE INDUSTRIAL PARK, REDWOOD CITY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON JUNE 17, 1966 IN BOOK 65 OF MAPS AT PAGE 3, SAID PORTION OF LOT 4 BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID LOT 4;
THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF SAID LOT AND ALONG THE SOUTHWESTERLY LINE OF CHEMICAL WAY, AS SAID WAY IS SHOWN ON THE ABOVE MENTIONED MAP, SOUTH 55° 13' 12" EAST 44.61 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT;
THENCE ALONG SAID CURVE, HAVING A RADIUS OF 98 FEET, THROUGH A CENTRAL ANGLE OF 66° 28' 12" AN ARC LENGTH OF 113.69 FEET TO THE BEGINNING OF A COMPOUND CURVE;
THENCE ALONG THE LAST SAID CURVE, HAVING A RADIUS OF 50 FEET, THROUGH A CENTRAL ANGLE OF 43° 58' 35" AN ARC LENGTH OF 38.38 FEET TO THE BEGINNING OF A REVERSE CURVE;
THENCE ALONG THE LAST SAID CURVE, HAVING A RADIUS OF 57 FEET, THROUGH A CENTRAL ANGLE OF 47° 37' 59" AN ARC LENGTH OF 47.39 FEET;
THENCE LEAVING SAID NORTHEASTERLY LINE OF LOT 4 AND SAID SOUTHWESTERLY LINE OF CHEMICAL WAY ON A NON-RADIAL LINE, SOUTH 67° 30' 00" WEST 45.66 FEET;
THENCE NORTH 59° 09' 15" WEST 100.83 FEET TO A POINT ON THE NORTHWESTERLY LINE OF SAID LOT 4;
THENCE ALONG THE LAST SAID LINE, NORTH 30° 50' 45" EAST 173.61 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

PORTION OF LOT 4 AS SAID LOT IS SHOWN ON THAT CERTAIN MAP ENTITLED "WOODHOUSE INDUSTRIAL PARK, REDWOOD CITY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON JUNE 17, 1966 IN BOOK 65 OF MAPS AT PAGE 3, SAID PORTION OF LOT 4 BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 4; THENCE ALONG THE NORTHWESTERLY LINE OF SAID LOT, NORTH 30° 50' 45" EAST 173.61 FEET; THENCE LEAVING THE LAST SAID LINE, SOUTH 59° 09' 15" EAST 100.83 FEET; THENCE NORTH 67° 30' 00" EAST 45.66 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF CHEMICAL WAY, AS SAID WAY IS SHOWN ON THE ABOVE MENTIONED MAP; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF CHEMICAL WAY, ALONG THE ARC OF A CURVE TO THE LEFT, TANGENT TO A BEARING OF SOUTH 7° 35' 36" WEST, SAID CURVE HAVING A RADIUS OF 57 FEET, THROUGH A CENTRAL ANGLE OF 52° 10' 01", AN ARC LENGTH OF 51.90 FEET; THENCE LEAVING SAID SOUTH- WESTERLY LINE OF CHEMICAL WAY, SOUTH 67° 30' 00" WEST 98.49 FEET; THENCE SOUTH 30° 11' 59" WEST 97.35 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF SAID LOT 4; THENCE NORTHWESTERLY ALONG THE LAST SAID LINE, NORTH 59° 48' 01" WEST 108.42 FEET TO THE POINT OF BEGINNING

APNs: 052-392-240-9 (Parcel One) and 052-392-270-6 (Parcel Two)
JPNs: 052-039-392-24A and 052-039-392-27A

EXHIBIT C

Intentionally Omitted

Exhibit C

EXHIBIT D

FEASIBILITY COSTS

City Contracts

West Phase I Agreement	\$19,700
SRG September 2010 Due Diligence	\$58,500
Purchase Contract Legal Cost (Thur Oct)	\$69,203
Appraisal	\$20,000
Hart Howerton (Aug – Sept)	\$7,105
West Phase II Agreement	\$70,000
SRG October – December 2010 Due Diligence	<u>\$232,500</u>
	\$477,008

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION OF OPTION AGREEMENTS** (this “**Assignment**”) is made as of _____, 2010 (the “**Effective Date**”), by and between the City of Redwood City, a charter city and a municipal corporation of the State of California (“**City**”), and the County of San Mateo, a subdivision of the State of California (“**County**”).

RECITALS

A. City (as the “**Optionee**”) has entered into the following agreements (each, an “**Option Agreement**” and, collectively, the “**Option Agreements**”) pursuant to which City has acquired the right and option to purchase certain parcels of real property located in the City of Redwood City, California (each, a “**Property**” and, collectively, the “**Properties**”):

(i) Real Estate Option Agreement dated as of October 1, 2010, between City and Chemical Way Properties, LLC, a California limited liability company (as the “**Owner**”), for the Property located at 20 Chemical Way, a copy of which is attached to this Assignment as **Exhibit A**;

(ii) Real Estate Option Agreement dated as of October 1, 2010, between City and Las Cruces Holdings, LLC, a California limited liability company (as the “**Owner**”), for the Property located at 50 Chemical Way, a copy of which is attached to this Assignment as **Exhibit B**;

(iii) Real Estate Option Agreement dated as of October 1, 2010, between City and Kona Ventures, LLC, a California limited liability company (as the “**Owner**”), for the Property located at 70 Chemical Way, a copy of which is attached to this Assignment as **Exhibit C**; and

(iv) Real Estate Option Agreement dated as of October 1, 2010, between City and Schraeder Leask Development, Inc. (as the “**Owner**”), for the Property located at 80 Chemical Way, a copy of which is attached to this Assignment as **Exhibit D**.

B. Pursuant to a Memorandum of Understanding between City and County dated November ___, 2010, City has agreed to assign all of its right, title and interest in the Option Agreements to County, and County has agreed to accept such assignment and to assume all obligations of City under the Option Agreements.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used but not defined in this Agreement have the meanings given to such terms in the Option Agreements.

2. Assignment. As of the Effective Date, City hereby grants, assigns, transfers, and delivers to County all of City's right, title, interest in, to and under the Option Agreements, including without limitation, all benefits and privileges thereunder.

3. Acceptance and Assumption. As of the Effective Date, County hereby accepts the grant, assignment, transfer and delivery of all of City's right, title and interest as the "Optionee" under the Option Agreements and expressly assumes all of the obligations and liabilities of Optionee under the Option Agreements and agrees to keep, observe, perform and be bound by all of the covenants and obligations that are required to be performed by the "Optionee" under the Option Agreements for the period from and after the Effective Date.

4. Indemnification.

a. City shall indemnify, defend, protect and hold harmless County and County's officers, officials, council members, employees, attorneys, contractors, and agents (collectively, the "**County Related Parties**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses, disbursements, demands and claims, including attorneys' fees and costs incurred as a result of such claims or in enforcing this indemnification provision (collectively, "**Claims**") of any kind or character arising from, caused by or relating to (i) City's failure to comply with its obligations under the Option Agreements for the period up to the Effective Date and (ii) for any bodily injury, death or property damage occurring as the result of any act or omission of City or any employee, agent or contractor of City on the Properties up to the Effective Date. Should County or any other County Related Party be named as a defendant in any suit brought against County or any County Related Party in connection with or arising out of any Claim referred to in the immediately preceding sentence, City shall pay to County its reasonable costs and expenses incurred in such suit, including without limitation, its reasonable attorneys' fees.

b. County shall indemnify, defend, protect and hold harmless City and City's officers, officials, supervisors, employees, attorneys, contractors, and agents (collectively, the "**City-Related Parties**") from and against any and all Claims of any kind or character arising from, caused by or relating to (i) County's failure to comply with its obligations under the Option Agreements for the period from and after the Effective Date and (ii) for any bodily injury, death or property damage occurring as the result of any act or omission of County or any employee, agent or contractor of County

on the Properties from and after the Effective Date. Should City or any other City-Related Party be named as a defendant in any suit brought against City or any City-Related Party in connection with or arising out of any Claim referred to in the immediately preceding sentence, County shall pay to City its reasonable costs and expenses incurred in such suit, including without limitation, its reasonable attorneys' fees.

5. City's Representations and Warranties. City hereby represents and warrant to County that, as of the Effective Date, City has delivered to County true, correct and complete copies of the Option Agreements, the Option Agreements have not been modified or amended, and to the actual knowledge of City, no breach or default on the part of City, as the Optionee, or the Owners has occurred under the Option Agreements. As provided in the Option Agreements, City shall immediately deliver to Owners under the Option Agreements a written notice of this Assignment.

6. "As-Is" Purchase. County acknowledges that if it elects to exercise the purchase options granted pursuant to the Option Agreements and to purchase some or all of the Properties, such purchase shall be on an "as is with all faults" basis as set forth in the Option Agreements. All representations and warranties relating to the Option Agreements that have been made by City to the County are set forth in this Assignment, are made as of the Effective Date, and shall not survive the Effective Date. County specifically acknowledges and agrees that except for the express warranties and representations by City set forth in Section 5 above, County is not relying on any warranties or representations of any kind whatsoever, express or implied, from City or any City-Related Party as to any matters concerning the Properties, including, without limitation: (i) the quality, nature, adequacy, and physical condition of soils, geology, and any groundwater, including the presence of fill or the adequacy of soils compaction or the possibility or extent of any subsidence; (ii) the size, square footage, acreage or boundaries of the Properties or any buildings or other improvements on the Properties; (iii) the existence, nature or adequacy of access, ingress and egress to the Properties; (iv) the existence, nature or adequacy of utilities serving the Properties, including without limitation water, sewer, electric, gas, phone and cable service; (v) the nature, adequacy and quality of drainage on the Properties, including the occurrence of any flooding, and the presence or adequacy of any sloughs or levees; (vi) the condition, square footage, size, or adequacy of any improvements on the Properties; (vii) the present or future zoning or other legal status of the Properties or any other private restrictions on use of the Properties; (viii) the compliance of the Properties or County's proposed project to be constructed on the Properties with any applicable codes, regulations, statutes, ordinances, or laws (including the California Environmental Quality Act), or any covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (ix) the development potential of the Properties, or the Properties' use, habitability, merchantability or fitness, or the suitability, value or adequacy of the Properties for any purpose; (x) the presence of Hazardous Materials, on, under or about the Properties, or adjoining or neighboring property; (xi) the manner, quality or adequacy of existing construction, site or grading work on the Properties or any construction materials; (xii) the condition of title to the Properties; and (xiii) the economics of the acquisition, redevelopment, improvement, and operation of the Properties, including

without limitation the obligation of County to pay or otherwise provide Relocation Benefits to existing occupants (collectively, all of the foregoing shall be hereinafter returned referred to as the “**Property Conditions**”). County shall look solely to the Owners, and not to the City or any City-Related Party, with respect to any Claims relating to the Property Conditions, subject to any limitations on recourse against the Owners set forth in the Option Agreements. County represents that County is a knowledgeable purchaser of real estate and that County is relying solely on County’s own expertise and the expertise of County’s consultants and advisors and is making and relying upon its own inspections of all aspects of the Properties. Accordingly, County hereby waives, releases, acquits and forever discharges and covenants not to sue City or the City-Related Parties of, from and for any and all Claims, whether direct or indirect, known or unknown, foreseen or unforeseen, that it now has, or which may arise in the future, on account of or in any way growing out of or connected with the Property Conditions and the Option Agreements. County expressly waives the benefits of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

7. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

8. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

9. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws of the State of California.

10. Section Headings. The headings of sections are inserted only for convenience only and are not intended to limit or define the scope or effect of any provision of this Assignment.

11. No Oral Modifications. This Assignment may not be amended or modified except in writing executed by all of the parties hereto.

12. Attorneys’ Fees. If an action is commenced by a party hereto resulting from a dispute arising out of this Assignment, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the other party in such action. As used herein, the term attorneys’ fees means attorneys’ fees whether or not litigation

ensues and if litigation ensues whether incurred at trial, on appeal, on discretionary review, or otherwise.

13. Severability. The invalidity, illegality or unenforceability of any provision of this Assignment shall not affect the enforceability of any other provision of this Assignment, all of which shall remain in full force and effect.

14. Time of the Essence. Time is of the essence of this Assignment and of the obligations required hereunder.

15. Non-Waiver. No delay or failure by any party to exercise any right hereunder, and no partial or single exercise of such right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

16. Further Assurances. The parties agree to execute all documents and instruments reasonably required in order to consummate the transactions contemplated in this Assignment.

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