

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY



ORIGINAL

Contract Number
17-150 A2

SAP Number

Real Estate Services Department

Department Contract Representative
Telephone Number

Terry W. Thompson, Director
(909) 387-5252

Contractor
Contractor Representative
Telephone Number
Contract Term
Original Contract Amount
Amendment Amount
Total Contract Amount
Cost Center
GRC/PROJ/JOB No.
Internal Order No.

Scannell Development Company
Courtney Lehman
November 17, 2019
\$65,500,000
N/A
\$65,500,000
7700003100
WBSE 10100011
8800 3362

Briefly describe the general nature of the contract: *Second Amendment of the Purchase and Sale Agreement by and between the County of San Bernardino and Scannell Development Company to extend the Entitlement Period for an additional 27 days from August 10, 2019 to October 17, 2019 and revise the Close of Escrow to occur 30 days following the expiration of the Entitlement Period.*

FOR COUNTY USE ONLY

Approved as to Legal Form

► SEE SIGNATURE PAGE

Robert F. Messinger,
Principal Assistant County Counsel

Date _____

Reviewed for Contract Compliance

►

Date _____

Reviewed/Approved by Department

► *Marilee Rendulich*
Marilee Rendulich, Real Property Manager, RESD

Date *August 8, 2019*

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS FOR AUCTION SALES

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS FOR AUCTION SALES, dated as of _____, 2019 (this "Second Amendment"), but effective as of August 10, 2019, is entered into by and between the County of San Bernardino, a body corporate and politic of the State of California ("SELLER") and Scannell Development Company, an Indiana corporation or its assigns ("BUYER"). SELLER and BUYER are, at times, referred to herein as, the "Parties."

WITNESSETH:

WHEREAS, SELLER and BUYER entered into that certain Purchase and Sale Agreement and Escrow Instructions For Auction Sales, dated April 4, 2017 (the "Original Agreement"), as amended by that certain First Amendment to Purchase and Sale Agreement dated March 19, 2019 (the "First Amendment" and together with the Original Agreement, the "Agreement") relating to that certain property (APNs 1054-391-02, 03) located at 8315 Merrill Avenue in the City of Chino, California, and consisting of approximately 74.57 acres (gross) of land (the "Property");

WHEREAS, the Opening of Escrow Date for the Agreement was April 10, 2017; and

WHEREAS, the parties mutually desire to extend (i) the Entitlement Period to October 17, 2019, and (ii) the Close of Escrow to occur thirty (30) days following the expiration of the BUYER's Entitlement Period (as extended by this Amendment), and to allow both parties to extend the Close of Escrow for an additional ninety (90) days upon mutual agreement, and clarify each Parties respective duties.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. The recitals set forth above are true and correct and incorporated herein by this reference.

SECTION 2. Capitalized terms used herein that are not otherwise defined shall have the meanings assigned to such terms in the Agreement.

SECTION 3. Section 7 of the Agreement is hereby deleted in its entirety and replaced with the following:

Section 7. Close of Escrow.

(a) As used herein, "**Close of Escrow**" means and refers to the close of Escrow for the Property and the transfer of fee title to the Property by the SELLER to the

BUYER pursuant to grant deed in the form of Exhibit "B" attached hereto (the "**Deed**"). The Close of Escrow shall take place on the Closing Date. The "**Closing Date**" shall mean the date on which the conditions set forth in this Agreement for the Close of Escrow and for the transfer of the Property have been satisfied, and the Deed is recorded by the Escrow Holder; provided that in no event shall BUYER be obligated to close unless it has received at least ten (10) days' advance notice from the SELLER of the anticipated date for satisfaction of such conditions to Close of Escrow. The Property shall be transferred to BUYER at the Close of Escrow; provided that, within the periods of time set forth in this Agreement: (i) BUYER has not terminated this Agreement, (ii) BUYER has accepted the Deed; and (iii) all other conditions of the Close of Escrow set forth in this Agreement, including without limitation as set forth in Sections 7(b) and 7(c) below, have been met and BUYER has paid, or caused to be paid to the Escrow Holder all applicable Escrow costs relating to such closing. The Close of Escrow shall occur on a date that is no later than thirty (30) days after the expiration of the Entitlement Period. The Close of Escrow may be extended for an additional ninety (90) days upon the mutual written agreement of both Parties. The mutual written agreement to extend the Close of Escrow may be in the form of an escrow instruction prepared by the Escrow Holder. The County of San Bernardino Director of Real Estate Services Department is authorized, upon consultation with County Counsel, to execute such mutual written agreement on behalf of SELLER. Prior to the date hereof, the BUYER extended the Entitlement Period for six (6) additional months (to a date that is twenty-four months (24) months following the Opening of Escrow) in exchange for the BUYER's one-time payment of \$300,000.00 (Three Hundred Thousand Dollars) ("**Escrow Extension Deposit**") which amount was paid directly to SELLER and added to the Deposit. Such Escrow Extension Deposit is non-refundable, but shall be applied toward the Purchase Price.

Furthermore, the BUYER elected to extend the Entitlement Period for an additional four (4) months (to a date that is twenty-eight (28) months following the Opening of Escrow) in accordance with the First Amendment. By execution of this Amendment, BUYER and SELLER hereby agree to further extend the Entitlement Period through and including October 17, 2019.

In the event all of the conditions set forth in Section 7(b) are not satisfied or waived as of the date that is (thirty (30) days following expiration of the Entitlement Period, as the same may be extended as set forth in Section 18 (the "**Outside Closing Date**"), BUYER may terminate this Agreement and/or exercise such rights and remedies, if any, that it may have pursuant to the terms of this Agreement. Likewise, in the event all of the conditions set forth in Section 7(c) are not satisfied or waived as of the Outside Closing Date, SELLER may terminate this Agreement and/or exercise such rights and remedies, if any, that it may have pursuant to the terms of this Agreement.

(b) Conditions to BUYER's Obligations. BUYER's obligation to consummate the Close of Escrow is conditioned on all of the following:

(1) SELLER's Closing Deliveries. At Close of Escrow, SELLER shall deliver the following to the Escrow Holder:

(i) The Deed, executed and acknowledged by SELLER.

- (ii) Documentation to establish to the Escrow Holder's reasonable satisfaction the due authorization of the person(s) executing the instruments contemplated under this Section 7(b)(1) on behalf of SELLER.
- (iii) an affidavit of non-foreign status of SELLER under the Foreign Investment in Real Property Tax Act.
- (iv) a settlement statement showing both the SELLER's and the BUYER's credits and debits consistent with this Agreement (the "**Settlement Statement**").
- (v) any transfer declarations required by applicable law;
- (vi) a State of California Form 593 C.
- (vii) an owner's affidavit in form and substance reasonably acceptable to Escrow Holder to delete the non-survey related standard, pre-printed exceptions.
- (viii) any other customary closing documents in form and substance reasonably satisfactory to SELLER to consummate the Transaction.

(2) Pre-Existing Obligations. There shall exist no leases (including, without limitation, the Leases), contracts or rights of occupancy or other agreements or contracts with respect to the Property entered into by SELLER that shall survive the Close of Escrow.

(3) Title Conditions Satisfied. The Escrow Holder shall be in a position to issue the Title Policy to BUYER in the amount of the Purchase Price with respect to the Property subject only to the exceptions permitted by Section 10 of this Agreement.

(4) Subdivision. The Property shall have been legally subdivided or if conveyed by metes and bounds description pursuant to Government Code Section 66428(a)(2) SELLER shall provide such evidence as may be requested by Escrow Holder and BUYER to assure that the Property comprises one or more legally subdivided parcels under the Subdivision Map Act and to assure issuance of an endorsement to the Title Policy for the benefit of BUYER to such effect ("**Subdivision Map Act Endorsement**").

(5) Entitlements. All Entitlements required to be approved by the City of Chino for the development of the Property in accordance with the Proposed Development Plans shall have been approved, shall be Final and shall not have expired. The term "**Final**" as used in this Agreement means that all applicable appeal and statute of limitations periods relating thereto shall have expired without the filing of any appeal or legal challenge or any such appeal or legal challenge shall have been finally resolved, without possibility of further appeal, in favor of BUYER and in a manner permitting construction and operation on the Property consistent with BUYER's Proposed Development Plans.

(6) SELLER's Deliveries Complete. SELLER shall have delivered all of the documents and other items required pursuant to Section 7(b) and shall have performed all other material obligations under this Agreement to be performed by SELLER at or prior to the

Close of Escrow provided that SELLER shall have a reasonable opportunity to cure any such default after receiving written notice thereof from BUYER.

(7) Representations True. All representations and warranties made by SELLER in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date.

(c) Conditions to SELLER's Obligations. SELLER's obligation to consummate the Close of Escrow is conditioned on all of the following:

(1) BUYER's Closing Deliveries. At the Close of Escrow, BUYER shall deliver the following:

- (i) The Purchase Price less the Deposit and the Escrow Extension Deposit, if paid, as adjusted for apportionments and other adjustments required under this Agreement, plus any other amounts required to be paid by BUYER at the Close of Escrow.
- (ii) Documentation to establish to the Escrow Holder's reasonable satisfaction the due authorization of the person(s) executing the instruments contemplated under this Section 7(c)(1) on behalf of BUYER.
- (iii) The Settlement Statement.
- (iv) any transfer declarations required by applicable law;
- (v) any other customary closing documents in form and substance reasonably satisfactory to BUYER to consummate the Transaction.

(2) BUYER's Deliveries Complete. BUYER shall have delivered all of the documents and other items required pursuant to Section 7(c) and shall have performed all other material obligations to be performed by BUYER at or prior to the Close of Escrow provided that BUYER shall have a reasonable opportunity to cure any such default after receiving written notice thereof from SELLER.

(3) Reserved.

(4) Representations True. All representations and warranties made by BUYER in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date.

(d) Waiver or Failure of Conditions Precedent. At any time on or before the date specified for the satisfaction of any condition, SELLER or BUYER may elect in writing to waive the benefit of any such condition to its obligations hereunder. By closing the Transaction, SELLER and BUYER shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions set forth in this Section 7.

SECTION 4. Section 8 of the Agreement is hereby deleted in its entirety and replace with the following:

Section 8. Processing of Entitlements

(a) SELLER covenants and agrees that SELLER will reasonably cooperate with BUYER in connection with the processing, by the Buyer Parties, of the Entitlements deemed necessary by BUYER for the development of the Property during Escrow. SELLER acknowledges that such cooperation shall include whatever actions may be reasonably necessary or helpful to enable the Buyer Parties to file for and process its entitlements. Such entitlements to be processed by the Buyer Parties may include, without limitation, the processing of an amendment to the general plan covering the Property, a zone change, a tentative subdivision map, a final subdivision map, an environmental impact report, associated development permits and related permits, including, without limitation, site plan approval and a building permit, agreements and approvals requested from the City of Chino or any other governmental agency having jurisdiction over the Property, all of the above in such a manner as BUYER may determine to be necessary or helpful to facilitate development of the Property as an economically viable project in accordance with the Proposed Development Plans, including any and all required Seller approvals of the final plans and specifications for implementing the Proposed Development Plans (if required) under the Comprehensive Land Use Plan – Chino Airport dated November, 1991, as amended (all of which being collectively referred to as the "**Entitlements**"). Such cooperation of SELLER shall include facilitating efforts of the Buyer Parties to enter into development agreements, investigate public financing and formation of special improvement districts, execution, as may be requested by the City of Chino or any other governmental agency having jurisdiction over the Property, of applications, permits or approvals required for the submittal of the Entitlements and, if applicable, executing the final map, if requested by BUYER, and providing the Buyer Parties access to the Property to perform any investigations or tests necessary for the processing of such Entitlements as contemplated in Section 6, above. The parties acknowledge that the intent of this provision is that SELLER will cooperate with BUYER and participate in such meetings if the City of Chino or other governmental agencies require the owner of the Property to be in attendance at such meetings. To the extent such attendance is required, BUYER will use reasonable efforts to ensure that (i) SELLER receives reasonable advance notice of any such meetings; and (ii) any such meetings are scheduled at a time which is reasonably acceptable to SELLER. Upon submittal of any such applications, permits, deeds or maps to SELLER, SELLER shall, no later than seven (7) days after delivery of such documents, execute such documents as necessary and return the same BUYER.

(b) BUYER shall in good faith diligently make all reasonable efforts to obtain all Entitlements on or before October 17, 2019 (the "**Entitlement Period**").

(c) If BUYER is not otherwise in default or in breach of this Agreement, and if BUYER should fail to obtain such Entitlements within the Entitlement Period for any reason or if such Entitlements are issued but are not Final by the end of such Entitlement Period, BUYER, at its option, may terminate this Agreement, cancel Escrow and receive a full refund of its Deposit together with any accrued interest thereon.

(d) SELLER and BUYER understand that full environmental review under CEQA and/or other state, federal, and local environmental laws must be completed as part of the City of Chino's evaluation of whether to approve the development of the Property. SELLER and BUYER understand and agree that nothing set forth herein commits or otherwise requires the City to approve, in whole or in part, the development of the Property and that this Agreement does not govern federal, state, or other local agency approvals required for the development of the Property.

(e) SELLER and BUYER acknowledge and agree that City of Chino retains full discretionary authority with respect to the development of the Property, and may condition, deny, or approve the development of the Property or any portion thereof.

(f) SELLER shall not enter into any agreement that will allow for the development of the Property until there has been appropriate compliance with CEQA. The City of Chino retains the absolute discretion to: (i) modify the proposed development of the Property to mitigate significant adverse impacts; (ii) select feasible alternatives that avoid significant adverse impacts of the proposed development; (iii) reject the development of the Property as proposed if the economic and social benefits of the development do not outweigh otherwise unavoidable significant adverse impacts of the proposed development; or (iv) approve the proposed development upon a finding that the economic, social, or other benefits of the proposed development outweigh unavoidable significant adverse impacts of the proposed development.

SECTION 5. All other provisions of the Agreement shall remain in full force and effect.

SECTION 6. This Second Amendment may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute the same document.

[Signatures of parties on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this SECOND Amendment as of the date first above written.

SELLER

BUYER

COUNTY OF SAN BERNARDINO

SCANNELL DEVELOPMENT COMPANY

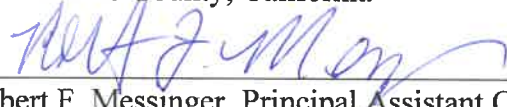
By: 
Curt Hagman, Chairman
Board of Supervisors

By: 
James C. Carlino, General Counsel

Date: AUG 20 2019


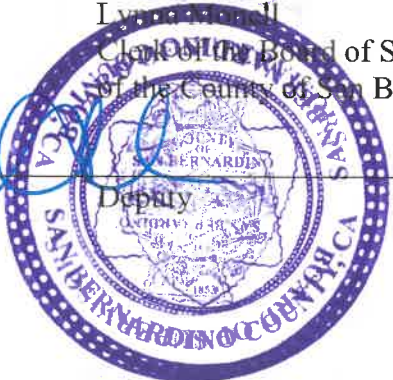
Date: August 5, 2019

APPROVED AS TO LEGAL FORM:
MICHELLE D. BLAKEMORE, County Counsel
San Bernardino County, California

By: 
Robert F. Messinger, Principal Assistant County Counsel

Date: 8/16/19

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

By: 

Clerk of the Board of Supervisors
of the County of San Bernardino
Deputy

LOCATION MAP
8315 Merrill Avenue, Chino



**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

August 20, 2019

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

SUBJECT

Amendment No. 2 to Purchase and Sale Agreement for the Sale of 74.57 Acres of Real Property Located at 8315 Merrill Avenue in Chino

RECOMMENDATION(S)

Approve **Amendment No. 2** to Purchase and Sale **Agreement No. 17-150** with Scannell Development Company, an Indiana Corporation, to extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019, revise the close of escrow to occur 30 days following the expiration of the Entitlement Period, and to allow both parties to extend the close of escrow an additional 90 days upon mutual agreement in order to provide Scannell Development Company with the additional time necessary to obtain all entitlements from the City of Chino.

(Presenter: Terry W. Thompson, Director, 387-5252)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

This amendment will not result in the use of Discretionary General Funding (Net County Cost). There is no cost associated with executing this amendment and the proceeds of the sale of the 74.57 acres in the amount of \$65,500,000 will be placed in the County Buildings Acquisition and Retrofit Project budget (Fund 7700003100, WBSE 10100011). A previous item approved by the Board of Supervisors (Board) on August 5, 2014 (Item No. 44) specified this funding be allocated to the County Buildings Acquisition and Retrofit Project reserve, however, based on the estimated project needs for 2019-20 the department needs the proceeds from the sale to go directly into the project budget.

BACKGROUND INFORMATION

The recommended action will approve an amendment to the Purchase and Sale Agreement No. 17-150 (Amendment) between the County of San Bernardino and Scannell Development Company (Scannell) to extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019, revise the close of escrow to occur 30 days following the expiration of Scannell's entitlement period, and to provide both parties with the ability to extend the close of escrow an additional 90 days upon mutual agreement to provide Scannell with the additional time necessary to obtain all entitlements from the City of Chino (City).

On April 4, 2017 (Item No. 35), the Board approved the sale of 74.57 acres of County-owned property [Assessor Parcel Numbers (APNs) 1054-391-02 and 03] located at 8315 Merrill Avenue in the City of Chino (Property) to Scannell for a purchase price of \$65,500,000, and

**Amendment No. 2 to Purchase and Sale Agreement for the Sale of 74.57
Acres of Real Property Located at 8315 Merrill Avenue in Chino
August 20, 2019**

approved the Purchase and Sale Agreement No. 17-150 (Agreement). Scannell was the highest bidder resulting from a public auction held on October 14, 2014 and supplied the required \$3,280,000 deposit on the day of the auction, which was deposited into escrow and is applicable to the purchase price. The escrow to sell the property was opened on April 10, 2017.

Scannell intends to construct all improvements and infrastructure, including extension of streets and utilities, on the Property. The Agreement provides an 18-month entitlement period with a one-time six-month extension of the entitlement period upon payment of a \$300,000 extension fee. The six-month extension was exercised by Scannell and the fee was paid directly to the County per the Agreement. The extension fee is non-refundable and applicable to the purchase price.

On March 19, 2019 (Item No. 30), the Board approved the First Amendment to the Agreement to extend the entitlement period an additional four months from April 11, 2019 to August 10, 2019, to provide Scannell with additional time to obtain all of its entitlements.

Scannell has been diligently working with the City to process its entitlements and had originally anticipated closing escrow in September 2019. Unfortunately, in July 2019, they experienced a delay in the approval process and as a result, requested the County extend the Entitlement Period and the Close of Escrow to allow Scannell additional time to work with the City to obtain the necessary approvals.

Approval of this Amendment by the Board at this time will not have any impacts. This Amendment will extend the Entitlement Period an additional 68 days from August 10, 2019 to October 17, 2019 and revise the Close of Escrow to occur 30 days following the expiration of the Entitlement Period to allow Scannell the additional time required to obtain the necessary approvals from the City of Chino for their entitlements. Both parties will be given the ability to extend the close of escrow for an additional 90 days, if necessary.

Environmental Review: The sale of the Property by public auction was reviewed pursuant to the California Environmental Quality Act (CEQA) and was initially determined to be exempt and the Clerk of the Board posted a Notice of Exemption on November 6, 2012 (Item No. 95). Scannell intends to construct an industrial development for which an Environmental Impact Review and Report (EIR) was prepared by Scannell with the City as the lead agency. The EIR is currently under review by the City. The County has fulfilled its obligations under CEQA.

PROCUREMENT

On April 4, 2017 (Item No. 25), the Board approved Contract No. 17-150 (procured by public auction held on October 14, 2014) according to County Policy 12-17, which allows for property that is no longer needed and has no economic reason for retention to be declared surplus and disposable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert Messinger, Principal Assistant County Counsel, 387-5455) on July 29, 2019; Finance (Ginger Roosa, Principal Administrative Analyst, 387-4883) on July 30, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 6, 2019.

(JG: 677-0477)

**Amendment No. 2 to Purchase and Sale Agreement for the Sale of 74.57
Acres of Real Property Located at 8315 Merrill Avenue in Chino
August 20, 2019**

Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Dawn Rowe
Ayes: Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales
Absent: Robert A. Lovingood

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: August 20, 2019



cc: RESD- Thompson w/agree
 Contractor- C/O RESD w/agree
 File- w/agree
la 08/21/2019