

**REAL PROPERTY PURCHASE AGREEMENT
AND ESCROW INSTRUCTIONS**

THIS REAL PROPERTY PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS (AGREEMENT) is and entered into by and between the CITY OF COSTA MESA (“CITY”), and DOMINIC BULONE (“OWNER”) with reference to the following:

RECITALS

WHEREAS, OWNER is the owner of that certain real property in the City Costa Mesa, State of California, commonly known as 778 Shalimar Drive and more particularly described as Assessor’s Parcel Number 424-051-23 and all improvements on said Parcel hereinafter collectively referred to as the PROPERTY, shown on Exhibit “A”, attached hereto and incorporated herein by reference; and

WHEREAS, CITY desires to purchase the PROPERTY, which consists of approximately 6,970 square feet including a four-unit residential structure consisting of 3,390 square feet, in fee title for the future needs of the City of Costa Mesa; and

WHEREAS, OWNER and CITY agree to enter into this AGREEMENT for the sale of PROPERTY.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the CITY and OWNER hereto agree as follows:

1. PURCHASE PRICE AND TERMS OF SALE:

Subject to the terms and conditions contained in this AGREEMENT, CITY agrees to purchase from OWNER, and OWNER agrees to sell to CITY, fee ownership of the PROPERTY, subject to the following:

a. The total purchase price for the PROPERTY shall be ONE MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,725,000.00)

b. Upon OWNER providing CITY with the executed and dated original of this AGREEMENT, and final approval of this transaction by the Costa Mesa City Council and subsequent execution by CITY, CITY and OWNER shall open escrow in accordance with Section 2 hereof, and shall deliver a copy of this AGREEMENT to the escrow holder.

c. As set forth in Section 3 below, CITY shall deposit with escrow holder the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) (DEPOSIT), applicable to the final sale price upon close of escrow.

d. Escrow shall be open for a period of one hundred eighty (180) days following the execution of this AGREEMENT by CITY.

e. Should any current tenant or group of tenants occupying a unit at opening of escrow, and having a leasehold interest in the unit, of his/her/their own volition, vacate the PROPERTY during the escrow period without using relocation efforts conducted by City or its consultant as referenced in item h. (ii), below including payment of relocation or moving expenses (Conditions Precedent), CITY will pay OWNER an additional FIVE THOUSAND DOLLARS (\$5,000.00), at close of escrow, provided tenant's unit remains vacated up until the time of close of escrow.

f. CITY shall have one hundred eighty (120) days following the Execution Date of this AGREEMENT ("Due Diligence Period") to approve, or disapprove, in its sole judgment, the condition of the PROPERTY and complete its investigation of the PROPERTY.

g. Within thirty (30) days or sooner of the opening of escrow, CITY will deliver to Escrow Holder, the DEPOSIT.

h. **Conditions Precedent:** In addition to the other terms and conditions contained in this AGREEMENT, CITY's obligation to purchase the PROPERTY shall be expressly subject to and conditioned upon the fulfillment of each of the following conditions precedent. These conditions are for the sole benefit of CITY and may be waived or deemed satisfied by CITY in CITY's sole and absolute discretion.

- i. CITY completing all necessary due diligence and compliance with any and all requirements it determines to be vital in the acquisition of the PROPERTY including the completion of any environmental studies (Phase 1 and 2 as applicable), asbestos and lead studies, and other studies as required.
- ii. CITY and/or CITY's relocation consultant completing any necessary due diligence required for compliance with the California Relocation Assistance Act or any other mandated requirements in order to complete a formal relocation plan for any and all tenants of the PROPERTY as applicable.
- iii. Completion of the California Environmental Quality Act (CEQA), if and as applicable for this transaction as determined by CITY in its sole and absolute discretion. The CITY retains the absolute sole discretion to (i) modify the transaction, and create and enter into transactional documents as may be necessary to comply with CEQA, (ii) select other feasible alternatives to avoid significant environmental impacts identified during the CEQA process, (iii) balance the benefits of entering into an agreement against any identifiable significant environmental impacts, and (iv) determine not to proceed with the purchase to avoid significant environmental impacts identified during the CEQA process. No legal obligations will exist unless and until the CEQA environmental review process is completed and this contingency is removed by CITY.
- iv. Compliance by CITY with the requirements of California Government Code 65402(c), regarding General Plan Consistency.

In the event any of the foregoing conditions are not fulfilled or waived before the Closing Date as defined below, CITY, at its election by written notice to OWNER, may terminate this AGREEMENT and be released from all obligations under this AGREEMENT. Alternatively, CITY may agree with SELLER to extend the date of closing to allow sufficient time to satisfy these conditions.

2. ESCROW AND OTHER FEES:

a. Escrow shall be opened at Freedom Escrow, Newport Beach, with escrow instructions to be based upon the terms and conditions set forth herein, and CITY shall deliver a copy of this AGREEMENT to the escrow holder. On behalf of the CITY, the City Manager of the City of Costa Mesa, or her designee, shall execute the necessary escrow instructions and/or additional documents which may be required to complete the closing of this transaction. This AGREEMENT shall become part of the escrow and shall constitute the basic instructions and documents as are reasonably required to complete the closing of the transaction contemplated herein in accordance with the terms and conditions of this AGREEMENT. In case of conflict between this AGREEMENT and any of said escrow documents, the terms of this AGREEMENT shall govern.

b. Escrow, title and other fees shall be paid as follows:

- i. OWNER shall pay all County documentary transfer tax ("Transfer Tax"), if applicable.
- ii. OWNER shall pay for a Standard California Land Title Association owner's policy of title insurance showing title vested in CITY subject only to the permitted exceptions and the standard printed exceptions and conditions in the policy.
- iii. CITY shall pay for any extended or additional title insurance coverage that may be required by the CITY.
- iv. CITY and OWNER shall each pay one-half (1/2) of Escrow Holder's standard escrow fees except as otherwise required by this AGREEMENT.
- v. CITY shall pay all escrow fees in the event that this escrow is canceled by CITY after the expiration of the Due Diligence Period.
- vi. OWNER shall pay all escrow fees in the event that this escrow is canceled by OWNER.

c. The Closing shall be on May 30, 2025 (the "Closing Date"), or sooner, or such other date if escrow is extended pursuant to the terms herein or as the parties hereto mutually agree in writing. The "Closing" is defined as the satisfaction of all conditions herein stated, except those conditions that have been waived by an express written waiver duly executed by the waiving party; and the recordation of the Deed which shall vest title to the real property interests described in the Deed in BUYER. The "Close of Escrow" is defined as:

- i. the recordation of the Deed, which shall vest all real property interests described in the Deed in CITY; and
- ii. the payment to OWNER pursuant to Section 1, PURCHASE PRICE AND TERMS OF SALE, hereinabove.

3. DEPOSIT AND REFUND: Within thirty (30) days or sooner, following the execution of this AGREEMENT by CITY, CITY shall deposit with Escrow Holder the Deposit in the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00). If this AGREEMENT is terminated by OWNER prior to the expiration of the Due Diligence Period for any reason, the Deposit shall be refunded to CITY. If this AGREEMENT is terminated by CITY after the Due Diligence Period and prior to the Close of Escrow pursuant to the provisions herein, the Deposit shall be paid to OWNER, except in the case of termination of this AGREEMENT resulting from non-satisfaction of any of the Conditions Precedent set forth in Section 1.g. above, in which case, CITY shall be entitled to a full refund of the Deposit.

4. ESCROW HOLDER OBLIGATIONS: Escrow Holder shall be obligated as follows:

- a. Provide a current preliminary title report covering the PROPERTY;
- b. Cause the Grant Deed, Certificate of Acceptance, and any Assignments to be recorded concurrently at the Close of Escrow with title to the PROPERTY vested in the CITY;
- c. Issue, or have issued to CITY the California Land Title Association Standard Coverage Policy of title insurance required herein;
- d. Obtain reconveyance(s) from any holders of liens against the PROPERTY and record said reconveyance(s) in the Orange County Clerk-Recorder's Office concurrently with the executed Grant Deed and Certificate of Acceptance or promptly upon receipt if such reconveyance(s) are received after the Close of Escrow;
- e. Provide CITY and OWNER with (i) Conformed Copies of all recorded documents pertaining to this Escrow;
- f. Provide CITY and OWNER with a final closing statement with certification by the title company.

5. TITLE AND DEED: Title to the PROPERTY is to be free of all liens, encumbrances, restrictions, conditions, rights to possession or claims to possession, rights, and conditions (recorded and/or unrecorded) known or unknown to OWNER, except:

- a. All covenants, conditions, restrictions, and reservations of record approved by CITY.
- b. All easements or rights of way for public or quasi-public utility or public street purposes, if any, approved by CITY.
- c. All exceptions contained in the preliminary title report as may be approved by CITY.

d. Property taxes for the fiscal year in which this escrow closes shall be satisfied in a manner consistent with California Revenue and Taxation Code Section 4986(a)(6). Escrow Holder is authorized to pay all delinquent taxes, if any, from the amount shown in Section 1 (a), PURCHASE PRICE AND TERMS OF SALE, herein above. OWNER understand that pursuant to Section 4986(a)(6), OWNER may receive after the Close of Escrow, either 1) an unsecured property tax bill from the County of Orange Treasurer-Tax Collector for real property taxes that may be due; or 2) a County of Orange warrant from the County of Orange Auditor-Controller to reimburse OWNER for any prepaid property taxes that may be canceled.

e. OWNER shall provide to CITY a Preliminary Title Report covering the PROPERTY. CITY shall have the right to review the Preliminary Title Report and disapprove in writing, those items disclosed in the Preliminary Title Report prior to the Close of Escrow. OWNER shall have the right within ten (10) days from receipt of notice of disapproval to correct the condition(s) that adversely affect said PROPERTY as determined by CITY in its discretion. If OWNER does not correct any such condition, CITY may terminate this AGREEMENT and receive a full refund of its Deposit, or pursue other means of perfecting title, at CITY's sole discretion.

f. OWNER shall have the right, but not the obligation, to request Escrow be extended for thirty (30) days where the OWNER elects to correct any disapproved matter unless correction required more than thirty (30) days in which case Close of Escrow shall be extended to the date of correction.

6. OWNER'S REPRESENTATION AND WARRANTIES: The OWNER represents and warrants that:

a. There is no suit, action, arbitration, legal, administrative, or other proceeding or inquiry pending against the PROPERTY or pending against OWNER, which could affect OWNER's title to the PROPERTY, or subject OWNER of the PROPERTY to liability.

b. There are no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, or bankruptcy, reorganization or other proceedings pending against the OWNER or the PROPERTY restricting the Close of Escrow.

c. OWNER has not actually received any formal, written notice of any pending change in zoning from any governmental or quasi-governmental authority, which change would materially affect the present zoning or present or proposed future use of the PROPERTY. The term "formal written notice" as used in this AGREEMENT shall mean that kind and method of notice which must legally be given to the OWNER of the PROPERTY, but shall not mean notice by publication.

d. OWNER will not subject the PROPERTY to any additional liens, encumbrances, covenants, conditions, easements, rights of way or similar matters after the execution of this AGREEMENT that will not be eliminated prior to the Close of Escrow.

e. Neither entering into this AGREEMENT nor the performance of any of OWNER's obligations under this AGREEMENT will violate the terms of any contract, agreement or instrument to which OWNER is a party.

f. OWNER has not actually received any formal written notice of any presently uncured violation of any law, ordinance, rule or regulation (including, but not limited to, those relating to zoning, building, fire, health and safety) of any governmental, quasi-governmental authority bearing on the construction, operation, ownership or use of the PROPERTY.

g. OWNER shall not enter into any rental or lease agreement before and/or after the execution of this AGREEMENT. In the event OWNER has entered and/or wishes to enter into a rental and/or lease agreement, CITY at its sole option may terminate this AGREEMENT and receive a full refund of its Deposit.

7. OWNER'S OBLIGATIONS: The OWNER shall be obligated as follows:

a. Within one (1) business day prior to the Close of Escrow, OWNER shall deliver to Escrow Holder an executed Grant Deed, conveying fee interest to the PROPERTY. The Grant Deed shall show title vested in the CITY OF COSTA MESA.

b. OWNER shall ensure that PROPERTY is free and clear of any and all liens and encumbrances including the removal of financial indebtedness (excepting taxes, which will be prorated to the Close of Escrow), and any Permitted Encumbrances.

c. OWNER shall pay, if and when due, all payments on any encumbrances or assessments presently affecting the PROPERTY and any and all taxes, assessments, and levies in respect to the PROPERTY prior to the Close of Escrow.

d. OWNER shall not record any covenants, conditions or restrictions against PROPERTY, including without limitation any application for annexation or development of the PROPERTY.

e. OWNER shall be responsible to pay for any and all costs identified as OWNER's costs as contained in this AGREEMENT. OWNER's costs associated with this AGREEMENT shall be paid by OWNER at the Close of Escrow from the purchase price as stated in Section 1 above.

f. OWNER shall timely deliver to Escrow Holder all documents required to be deposited by OWNER under this AGREEMENT.

g. OWNER shall remove any personal property, inventory or other personal materials and debris from PROPERTY within seven (7) calendar days or sooner before the Escrow Closing Date.

8. COMMISSION: It is understood that CITY has retained a real estate broker that represents CITY in this transaction and that a commission of two (2) percent of the purchase price shall be paid by the OWNER to the broker no later than the escrow Closing Date.

9. GOOD FAITH DISCLOSURE BY OWNER: OWNER shall make a good faith disclosure to CITY of any and all facts, findings, or information on the PROPERTY, known to OWNER after reasonable inquiry, including without limitation those relating to: historical uses; prior permitted uses; current uses including, but not limited to, express or implied contracts, leases and/or permits; geological conditions; biological conditions; archaeological sites; flood hazard area(s); special studies zones; zoning reports; environmentally hazardous material such as dioxins, oils, solvents, waste disposal, gasoline tank leakage, pesticide use and spills, herbicide use or spills or any other substances and/or products of environmental contamination. Any and all facts or information known by OWNER concerning the condition of the PROPERTY shall be delivered to CITY no later than ten (10) days following CITY's execution of this AGREEMENT. Except for the disclosure requirements of this Section 9 and the representations and warranties provided

elsewhere in this AGREEMENT, CITY is purchasing the PROPERTY “as is” without further representations or warranties of OWNER.

If such facts or information provided by OWNER disclose conditions that adversely affect the continued or contemplated use of the PROPERTY, and that CITY reasonably deems unacceptable, or if CITY otherwise discovers such facts or information through tests and/or surveys which disclose such conditions, and OWNER is unwilling or unable to correct such conditions to the reasonable satisfaction of CITY or any governmental body having jurisdiction, then CITY may, at its sole option, terminate this AGREEMENT and receive a full refund of its Deposit.

10. INSPECTION BY CITY: CITY upon not less than 24-hour notice to the OWNER shall have the right of entry onto the PROPERTY to conduct such non-invasive and non-intrusive inspections and testing thereon as are, in CITY’s sole discretion, necessary to reasonably determine the condition of such areas. The scope of any such testing or inspection which requires physical sampling shall be subject to:

a. The requirement that CITY or its Representative(s) conduct all such inspections and testing, including the disposal of samples taken, in accordance with applicable law and at no cost or liability to OWNER. CITY shall complete such inspections and testing and shall restore all areas of the Subject Property to its pre-test and pre-inspection condition as near as is practicable.

If any toxins or contaminants are discovered, CITY shall notify OWNER immediately and OWNER shall have the right, but not the responsibility to take any actions in response to such notifications that it deems necessary in its sole and absolute discretion. If OWNER elects not to take actions in response to such notifications, then, notwithstanding other provisions contained herein, OWNER and/or CITY shall have the right at any time prior to the Close of Escrow to terminate this AGREEMENT with no further liability to each other.

11. INDEMNIFICATION: OWNER shall indemnify, defend and hold CITY, and its officers, employees and agents, harmless from and against any and all liability, claims, damages, loss, penalties or judgments arising from or in any way connected with any breach by OWNER of its obligations hereunder, including but not limited to, its duty of disclosure, from any breach of OWNER’s representations and warranties herein contained, and from any damages to persons, property or the environment which occurred at any time prior to the Close of Escrow.

CITY shall indemnify, defend and hold OWNER, and its officers, employees and agents, harmless from and against any and all liability, claims, damages, loss, penalties or judgments arising from or in any way connected with any breach by CITY of its obligations hereunder, including but not limited to, its duty of disclosure, from any breach of CITY’s representations and warranties herein contained, and from any damages to persons, property or the environment which occurs at any time after to the Close of Escrow.

12. ATTORNEYS’ FEES. In the event that a party to this AGREEMENT brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in this AGREEMENT, or otherwise arising out of this AGREEMENT, the prevailing party in such action shall be entitled to recover from the other party its reasonable attorney’s fees and costs, including expert witness fees. Attorney’s fees shall include attorney’s

18. CONSTRUCTION: Section headings are solely for the convenience of the parties and are not a part and shall not be used to interpret this AGREEMENT. The singular form shall include the plural and vice-versa. This AGREEMENT shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to sections of this AGREEMENT.

19. FURTHER ASSURANCES: Whenever requested by the other party, each party shall execute, acknowledge and deliver all further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurances, approvals, consents and all further instruments and documents as may be necessary, expedient or proper to complete any conveyances, transfers, sales, and agreements covered by this AGREEMENT, and to do all other acts and to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this AGREEMENT.

20. THIRD PARTY RIGHTS: Nothing in this AGREEMENT, express or implied, is intended to confer on any person, other than the parties to this AGREEMENT and their respective successors and assigns, any rights or remedies under or by reason of this AGREEMENT.

21. INTEGRATION: This AGREEMENT contains the entire AGREEMENT between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the purchase of the PROPERTY.

22. COUNTERPARTS: This Agreement may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument. A copy of this AGREEMENT or an amendment hereto that is executed by a party (including by use of electronic signature software (*e.g.*, “DocuSign”) and is transmitted by that party to the other party electronically or as an attachment to an email shall be binding upon the signatory to the same extent as a copy hereto containing that party’s original signature.

23. SURVIVAL: The indemnification provisions of this AGREEMENT shall survive termination and shall be binding on all successor in interest to the PROPERTY as provided in Section 15 above.

24. AMENDMENT: This AGREEMENT may not be amended or altered except by a written instrument executed by CITY and OWNER.

25. PARTIAL INVALIDITY: Any provision of this AGREEMENT that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this AGREEMENT shall be of no effect, but all the remaining provisions of this AGREEMENT shall remain in full force and effect.

28. AUTHORITY OF PARTIES: All persons executing this AGREEMENT on behalf of any party to this AGREEMENT warrant that they have the authority to execute this AGREEMENT on behalf of that party. OWNER represents and warrants that it is the sole owner of the PROPERTY or is authorized by the OWNER of the PROPERTY to execute this

AGREEMENT, to consummate the transactions contemplated hereby, and no additional signatures are required.

29. GOVERNING LAW: The validity, meaning, and effect of this AGREEMENT shall be determined in accordance with California laws.

IN WITNESS WHEREOF, CITY and OWNER has executed this Purchase Agreement and Escrow Instructions by the respective authorized officer(s) as set forth below to be effective as of the date executed by CITY.

ATTEST:
(Name to be inserted on behalf of City)

CITY OF COSTA MESA:

TITLE

By: _____
Lori Ann Farrell Harrison
City Manager

By: _____
Deputy

Date: _____

OWNER:

DOMINIC BULONE
A married man

By: _____

Date: _____

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to:

- A. Accept the foregoing Escrow Instructions (AGREEMENT).
- B. Act as the Escrow Holder under the AGREEMENT for the fees herein described;
- C. Be bound by the AGREEMENT in the performance of its duties as Escrow Holder.

However, the undersigned will have no obligation, liability or responsibility under this consent or otherwise, unless and until the AGREEMENT, fully signed by the parties has been delivered to the undersigned. Further, the undersigned will have no obligation, liability or responsibility under any amendment to the AGREEMENT unless and until the amendment is accepted by the undersigned in writing.

TBD

By: _____

Escrow Officer

Date: _____

EXHIBIT A

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT(S) 5 OF TRACT NO. 3517, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 128 PAGE(S) 39 AND 40 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM AN EASEMENT FOR DRIVEWAY PURPOSES OVER THE EAST 6 FEET THEROF.

PARCEL 2:

AN EASEMENT FOR DRIVEWAY PURPOSES OVER THE WEST 6 FEET OF LOT 6 OF TRACT 3517, AS PER MAP RECORDED IN BOOK 128 PAGE(S) 39 AND 40 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

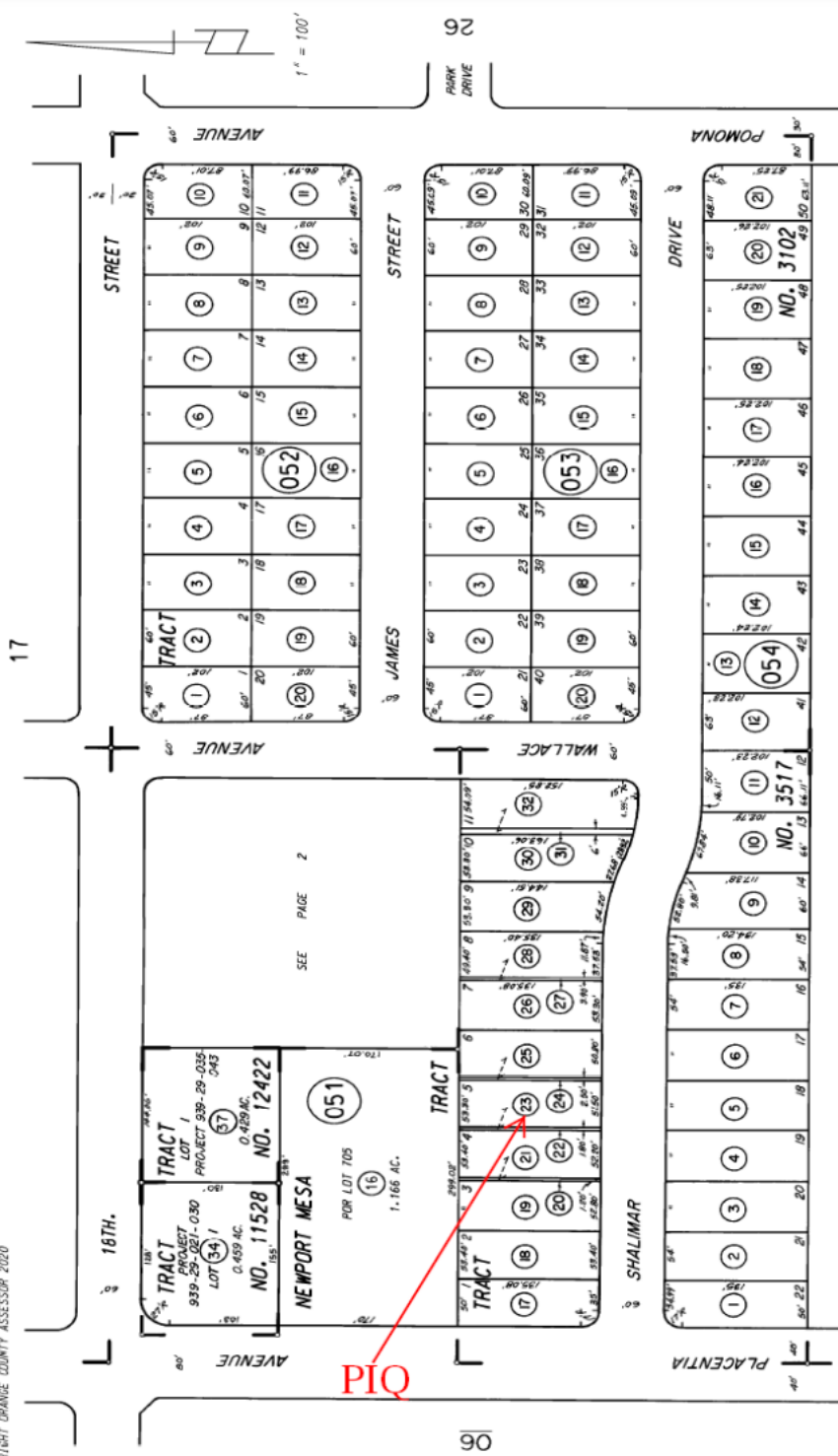
APN: 424-051-23

EXHIBIT A

CONTINUED

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THIS MAP WAS PREPARED FOR ORANGE COUNTY ASSESSOR DEPT. PURPOSES ONLY. THE ASSESSOR MAKES NO GUARANTEE AS TO ITS ACCURACY NOR ASSUMES ANY LIABILITY FOR ANY ERRORS OR OMISSIONS. ALL RIGHTS RESERVED.
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MARCH 1975

NEWPORT MESA TRACT NO. 3102

M.M. 5-1

M.M. 120-3, 4

M.M. 128-39, 40

TRACT NO. 11528

M.M. 515-46, 47

TRACT NO. 12422

M.M. 552-16, 17

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 424 PAGE 05 COUNTY OF ORANGE