



City of Palo Alto

City Council Staff Report

(ID # 9596)

Report Type: Consent Calendar

Meeting Date: 10/29/2018

Summary Title: Approval of the Sale of Transfer Development Rights & Budget Amendment

Title: Approval of the Sale of Transfer Development Rights From City Owned Avenidas and College Terrace Buildings to Selected Qualified Buyers; Disbursement of the Sale Proceed; and Approval of a Budget Amendment in the Community Center Impact Fund

From: City Manager

Lead Department: Administrative Services

Recommendation

Staff requests that the City Council approve the following recommendations:

1. Direct the City Manager to accept the qualified bids for Transferable Development Rights (TDRs) from the City owned buildings Avenidas (450 Bryant Street) and College Terrace Library (2300 Wellesley Street) by authorizing the City Manager to execute the attached Offers and Agreements to Purchase (Attachments A, B, C) and Certified Development Rights (Attachments D, E, F, G) from the following qualified high bidders:
 - a. \$2,070,042 for the purchase of 5,844 square feet of TDRs submitted by Thoits Bros.
 - b. \$1,324,640 for the purchase of 3,896 square feet of TDRs submitted by Sal Giovannotto.
 - c. \$588,296 for the purchase of 1,948 square feet of TDRs submitted by Villa Rosa.

2. Authorize the City Manager to execute the Agreement and Declaration of Covenants and Restrictions for Historic Preservation and Certification of Development Rights for Avenidas Building with Avenidas (Attachment H).

3. Amend the Fiscal Year 2019 Budget Appropriation Ordinance for the Community Center Impact Fund by:
 - a. Increasing the revenue from Transfer Development Rights in the amount of \$3,982,978;
 - b. Increasing Interagency Expenses in the amount of \$2,500,000; and
 - c. Increasing the Ending Fund Balance in the amount of \$1,482,978.

Executive Summary

On May 29, 2018, the City Council approved a resolution ([CMR: 9245](#)) designating the Avenidas building, located at 450 Bryant Street, as a sender site for the sale of 9,188 square feet of TDRs. The Council also directed the staff to issue a request for bid (RFB) to market and sell the TDRs from the Avenidas building plus the previously approved 2,500 square feet of TDRs from the City-owned College Terrace building. Staff solicited bids by following the required steps in Policy and Procedure 1-46/ASD and obtained four bids from qualified buyers for the offered TDRs. Three of the bids to purchase various square footage amounts of the TDRs were accepted. The total proceeds from the sale of the TDRs once all the funds are collected will be \$3,982,978. Staff will use sale proceeds to, transfer \$2,500,000 in funds to fulfill the City's remaining financial commitment to Avenidas. The remainder of the fund proceeds (\$1,482,978) will be used to partially replenish¹ the Community Center Impact Fund. This will allow the Community Center Impact Fund to support the construction cost of the upcoming Junior Museum and Zoo (JMZ) Renovation project (AC-18011) as recommended in [CMR: 9245](#) and in the 2019-2023 Capital Improvement Plan.

Background

The purpose of the TDR program is to encourage and support the retention and rehabilitation of historic buildings. The program provides a floor area bonus for the qualified rehabilitation of Category 1 and 2 historic buildings and Seismic Category I, II, and III buildings which are either owned by the City of Palo Alto or located in the Downtown CD zone district. Funds from the sale can be used to rehabilitate eligible City-owned historic buildings. On February 7, 2005, City Council approved revisions to the Zoning Code to allow eligible City-owned historic properties located in any zone district to be "sender sites" under the Transfer of Development Rights ordinance, transferring historic or seismic rehabilitation floor area bonuses from these sites to eligible "receiver" sites located in the Downtown CD Zone District.

The proceeds from the sale of TDRs will be distributed to two important City obligations: \$2,500,000 to support the rehabilitation of Avenidas Senior Center and \$1,482,978 to support the JMZ Renovation project (AC-18011). On January 1, 2015, Avenidas and the City entered into a new fifty (50) year lease agreement in anticipation of Avenidas beginning a capital campaign to raise an estimated \$18,000,000 for a major renovation project. The renovation project will address needed building repairs, seismic upgrades, and expansion of the existing building to meet the needs of the growing older adult population in Palo Alto. On February 5, 2018 the City entered into an agreement with the Friends of the JMZ to provide funding support for a project to rehabilitate and enhance capacity at the JMZ ([CMR: 8851](#)). The JMZ, originally built in 1941, and the zoo, built in 1969, are not adequately sized or designed to accommodate the JMZ's vibrant programs, current requirements to support living and non-living collections, expanded educational programs, and current accessibility or seismic code requirements. Major goals of the rehabilitation project are to provide the JMZ with adequate storage and support space to

¹ An initial payment of \$2.5 million was approved to be transferred to Avenidas from the Community Center Impact Fund on April 9, 2018 ([CMR: 8780](#)).

meet standards for zoo accreditation, museum accreditation, and provide sufficient storage and preparation space for the on-site and off-site educational programs. The City sale of TDRs is to support the \$5,000,000 commitment for the City-owned 450 Bryant Street (Avenidas) building and to fulfill the City’s commitment to support the Junior Museum and Zoo project. For additional information regarding the background of TDRs for Avenidas and College Terrace, please refer to [CMR: 9245](#).

Discussion

Following City Council approval of the RFB to market the available TDRs from Avenidas and College Terrace buildings on May 29, 2018, staff solicited bid proposals by placing a RFB on City’s website, mailing an information flyer to persons owning eligible “receiver sites” in the Downtown CD Districts, sending notification to all parties on City’s Developers List, and placing an advertisement in Palo Alto Weekly for two consecutive weeks during the month of August, 2018 announcing the sale of the TDRS. The RFB offered the opportunity to purchase a total of 11,688 square feet of TDRs available for sale in six lots (units) of 1,948 square feet. On August 21, 2018, prior to the 3:00 PM deadline to submit bids the following four written bid proposals were received:

Bidders (Company Name)	Minimum Bid Price Per SQFT	Lot #1	Lot #2	Lot #3	Lot # 4	Lot # 5	Lot # 6
James Lin	\$275	\$286	-	-	-	-	-
Thoits Bros	\$275	\$406.25	\$352.20	\$304.20	-	-	-
Sal Giovannotto	\$275	\$340	\$340	-	-	-	-
Villa Rosa	\$275	\$302	\$302	\$302	\$302	\$302	\$302

The following bids based on hierarchy of the price per square foot offered were accepted:

Name	Bid Price Per SQFT	Square Footage	Value of TDR
Thoits Bios			
Lot 1	406.25	1,948	\$791,375
Lot 2	352.2	1,948	\$686,086
Lot 3	304.2	1,948	\$592,582
<i>Subtotal</i>			<i>\$2,070,042</i>
Sal Giovannotto			
Lot 4	340	1,948	\$662,320
Lot 5	340	1,948	\$662,320
<i>Subtotal</i>			<i>\$1,324,640</i>

Villa Rosa			
Lot 6	302	1,948	\$588,296
<i>Subtotal</i>			\$588,296
Total Sale			\$3,982,978

The bids were opened immediately in front of the bidders and City staff from Purchasing and Real Estate Division after the expired time deadline. The bids from Thoits Bros, Sal Giovannotto, and Villa Rosa were accepted according to a descending price structure. There was a fourth offer from James Lin for one of the lots at price of \$286 per square foot which did not qualify to purchase TDRs since the price per square foot was lower than all the other offers.

As a condition of the sale of TDR, the Municipal Code requires that the sender site be subject to a covenant running with the land and requiring that the historic building be rehabilitated and maintained in conformance with the Secretary of Interior’s Standards and Guidelines for Rehabilitation of Historic Buildings. Agreement and Declaration of Covenants and Restrictions for Historic Preservation will need to be executed between the City of Palo Alto and Avenidas to comply with this requirement.

Resource Impact

A total of \$3,982,978 from the sale of the TDRs will be generated, and staff is recommending to deposit the entire revenue amount into the Community Center Impact Fund. Of this amount, \$2,500,000 will be transferred to Avenidas to fulfill the City’s \$5,00,000 commitment. The remaining \$1,482,978 will be added to the ending fund balance in order to allow the Community Center Impact Fund to support the construction cost of the upcoming JMZ Renovation project (AC-18011) as recommended in [CMR: 9245](#) and in the 2019-2023 Capital Improvement Plan. The use of TDR revenue will reduce the need to impact the General Fund to support approved funding commitments for these projects.

Policy Implication

Sale of the TDRs generates revenue to be used for the rehabilitation of City-owned historical buildings and the JMZ project without placing pressure on General Fund. This outcome is consistent with prior City Council direction and policy.

Environmental Review

Sale of the TDRs for the City-owned buildings is Categorically Exempt from California Environmental Quality Act (CEQA) review under CEQA guidelines section 15305, Minor Alterations in Land Use Limitation. The rehabilitation project was Categorically Exempt from CEQA review pursuant to CEQA guidelines section 15331, Historical Resource Restoration/Rehabilitation, as a project limited to maintenance, repair, and rehabilitation in accordance with the Secretary of Interior standards for historic preservation.

Attachments:

- Attachment A: Offer from Thoits Bros'
- Attachment B: Offer from Sal Giovannotto's
- Attachment C: Offer from Villa Rosa's
- Attachment D: Certification TDR Avenidas Building Thoits Bros
- Attachment E: Certification TDR Avenidas Building Villa Rosa
- Attachment F: Certification TDR Avenidas Building Sal Giovannotto
- Attachment G: Certification TDR College Terrace Building Sal Giovannotto
- Attachment H: TDR Agreement Declaration Covenant Final 450 Bryant 2018

**OFFER AND AGREEMENT FOR PURCHASE OF CERTIFIED TRANSFERABLE DEVELOPMENT RIGHTS
(Full Cash Payment)**

Date of the Offer: August 21, 2018

SELLER: CITY OF PALO ALTO

BIDDER/BIDDERS: Thoits Bros., Inc.

(Fill in full legal name)

In consideration of SELLER'S proposal to sell the development rights described and shown on the form of Certification of Transfer of Development Rights labeled Exhibits "A1" and "B1" attached hereto, by competitive bids to be received before on 3:00 P.M. Tuesday, August 21, 2018, BIDDER agrees to purchase said development rights as follows:

Number of square foot lots (minimum of one (1) lot up to maximum of six (6) lots): 3
Please receive the purchase proposal/Bid From Thoits Bros., Inc. for

*Lot Number	Square Footage	Offer Price Per Square Foot	Sum Total of Each Bid
(1) One	1,948	406.25	791,375.00
(2) Two	1,948	352.20	686,085.60
(3) Three	1,948	304.20	592,581.60
(4) Four	1,948		
(5) Five	1,948		
(6) Six	1,948		
Total of all Bids	5,844		2,070,042.20

*Total of six (6) lots consisting of 1,948 square feet each, for a total of 11,688 square feet.

I (Bidder) Thoits Bros., Inc. am offering the purchase price of \$ various (numerical), \$ various (value in text) per square foot for each lot. This is a total value of \$ 2,070,042.20 (numerical), \$ Two million seventy thousand fourty two and 20/100 (value in text).

In accordance with subparagraph 6 below, and with this offer, I (Bidder) am including funds for the SELLER, as a good faith deposit (the "Proposal Deposit") of ten percent (10%) of the total Purchase Price in the amount of: \$ 207,004.22.

This bid is conditioned upon and made with BIDDER'S understanding and agreement to the following terms:

1. **Supplemental Deposit.** Upon written notice from SELLER'S Real Estate Division that BIDDER is a **qualified high bidder**, in all or in part, BIDDER shall within 7 calendar days after said notice pay SELLER an additional sum (the "Supplemental Deposit") equal to the difference between the Proposal Deposit and 50% of the total amount bid. Should BIDDER, for any reason whatsoever, fail to pay to SELLER the Supplemental Deposit, the Proposal Deposit shall be retained by SELLER as set forth in subparagraph 6 below.

2. **Acceptance or Rejection of Bid.** Within thirty (30) days, or in as reasonable a time thereafter as possible, after BIDDER has paid SELLER the Supplemental Deposit referred to in Paragraph 1 above, SELLER shall consider this bid and accept or reject it.
3. **Rejection or Withdrawal of Bid.** Should this bid be rejected by SELLER or should SELLER fail to accept or reject this bid within the time period set forth in Paragraph 2 above, BIDDER may withdraw this bid and all money paid to SELLER by BIDDER shall be refunded to BIDDER.
4. **Acceptance of Bid.** If this bid is accepted all or in part by SELLER, the Proposal Deposit and the Supplemental Deposit paid to SELLER as provided in Paragraph 1 above shall constitute a portion of the Purchase Price, and BIDDER shall pay SELLER the balance of the Purchase Price within 30 days of SELLER'S written notification to BIDDER of SELLER'S acceptance of the bid.
5. **TDR Certification.** Upon payment of the Purchase Price, SELLER shall deliver to BIDDER a fully executed copy of the Certification of Transfer of Development Rights in the form of Exhibit A1. SELLER shall have the Certification form recorded with the Santa Clara County Recorder's office and will provide BIDDER a certified recorded copy upon return of the original from the Santa Clara County Recorder's office.
6. **Form of Deposit and Damages.** The Proposal Deposit and the additional Supplemental Deposit shall be in the form of a cashier's or certified check made payable to the City of Palo Alto. The Proposal Deposit must be submitted together with this Agreement. Said Proposal Deposit shall be held by the SELLER as a guarantee securing the obligations BIDDER agrees to assume in this Agreement. BIDDER agrees that in the event that this Offer and Agreement to Purchase Certified Transferable Development Rights is accepted by SELLER and BIDDER fails to meet the terms hereof, said Proposal Deposit represents a fair and reasonable estimate of SELLER'S costs in connection with this transaction, and BIDDER further agrees that said sum shall be retained by SELLER as compensation for said costs.
7. **Recording Fees.** In addition to the amounts specified above, BIDDER shall pay all recording fees applicable to this transaction.
8. **Withdrawal Prior to Bid Opening.** BIDDER may withdraw this Offer and Agreement to Purchase Certified Transferable Development Rights at any time prior to the time set for opening bids without penalty. Except as provided under Paragraph 3 above, it may not be withdrawn after the time set for such opening, and any withdrawal after such opening will be subject to the penalties set forth in section 6 of this Agreement.
9. **City's Right to Reject Bids.** SELLER reserves the right to reject any or all bids and to accept bids, all or in part, which will, in its opinion, best serve the public interest

- 10. **No Guarantee.** The purchase of Certified Transferable Development Rights is subject to the provisions and limitations of the Palo Alto Municipal Code. This agreement includes no guarantee of a receiver site. Zoning regulations may be changed or repealed at any time.
- 11. All documents, correspondence, and communications concerning this transaction shall be directed as follows:

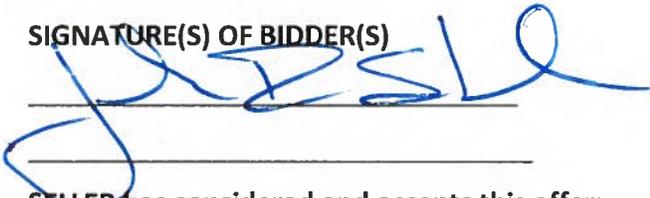
TO: BIDDER
John Shenk Thoits Bros., I
 (Name)
629 Emerson Street
 (Address)
Palo Alto, CA 94301
 Telephone: 650-323-4868

TO: SELLER
 CITY OF PALO ALTO
 c/o Real Estate Division
 250 Hamilton Avenue
 P.O. Box 10250
 Palo Alto, CA 94301
 Attn: Hamid Ghaemmaghami

- 12. Time is of the essence of this Agreement.

BIDDER hereby submits this offer with full cognizance of this agreement to the terms and conditions contained herein.

SIGNATURE(S) OF BIDDER(S)



SELLER has considered and accepts this offer:

SELLER: CITY OF PALO ALTO

Date _____

By _____

MAYOR (or designee), CITY OF PALO ALTO

ATTEST:

CITY CLERK

By _____

APPROVED AS TO FORM:

SR. ASST. CITY ATTORNEY

By _____

RECOMMENDED FOR APPROVAL:

DIRECTOR, PLANNING

By _____

PRINTED ON LINEMARK PAPER - HOLD TO LIGHT TO VIEW. FOR ADDITIONAL SECURITY FEATURES SEE BACK.

CASHIER'S CHECK

0027707357

0000277 11-24
Office AU # 1210(8)

Remitter: JOHN R SHENK
Operator I.D.: u589396 u159706

August 21, 2018

PAY TO THE ORDER OF ***THE CITY OF PALO ALTO***

Two hundred seven thousand four dollars and 22 cents

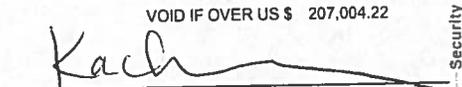
***\$207,004.22**

Payee Address:
Memo:

WELLS FARGO BANK, N.A.
400 HAMILTON AVE
PALO ALTO, CA 94301
FOR INQUIRIES CALL (480) 394-3122



AUTHORIZED SIGNATURE

VOID IF OVER US \$ 207,004.22


AUTHORIZED SIGNATURE

Security Features Included. Details on Back.

⑈0027707357⑈ ⑆121000248⑆4861 505303⑈

ATTACHMENT B
OFFER AND AGREEMENT FOR PURCHASE OF CERTIFIED TRANSFERABLE DEVELOPMENT RIGHTS
(Full Cash Payment)

Date of the Offer: 8/21/2018

SELLER: CITY OF PALO ALTO

BIDDER/BIDDERS: Sal Giovannotto
 (Fill in full legal name)

In consideration of SELLER'S proposal to sell the development rights described and shown on the form of Certification of Transfer of Development Rights labeled Exhibits "A1" and "B1" attached hereto, by competitive bids to be received before on 3:00 P.M. Tuesday, August 21, 2018, BIDDER agrees to purchase said development rights as follows:

Number of square foot lots (minimum of one (1) lot up to maximum of six (6) lots): 2
 Please receive the purchase proposal/Bid From Sal Giovannotto for

*Lot Number	Square Footage	Offer Price Per Square Foot	Sum Total of Each Bid
(1) One	1,948	\$ 340 per sf	662,320
(2) Two	1,948	\$ 340 per sf	662,320
(3) Three	1,948		
(4) Four	1,948		
(5) Five	1,948		
(6) Six	1,948		
Total of all Bids	<u>3,896</u>	<u>\$ 680 per sf</u>	<u>1,324,640</u>

*Total of six (6) lots consisting of 1,948 square feet each, for a total of 11,688 square feet.

I (Bidder) Sal Giovannotto am offering the purchase price of \$ 340 (numerical), \$ three hundred and forty (value in text) per square foot for each lot. This is a total value of \$ 1,324,640 (numerical), \$ one million, three hundred twenty-four thousand and six hundred forty (value in text).

In accordance with subparagraph 6 below, and with this offer, I (Bidder) am including funds for the SELLER, as a good faith deposit (the "Proposal Deposit") of ten percent (10%) of the total Purchase Price in the amount of: \$ 132,464.

This bid is conditioned upon and made with BIDDER'S understanding and agreement to the following terms:

1. **Supplemental Deposit.** Upon written notice from SELLER'S Real Estate Division that BIDDER is a **qualified high bidder**, in all or in part, BIDDER shall within 7 calendar days after said notice pay SELLER an additional sum (the "Supplemental Deposit") equal to the difference between the Proposal Deposit and 50% of the total amount bid. Should BIDDER, for any reason whatsoever, fail to pay to SELLER the Supplemental Deposit, the Proposal Deposit shall be retained by SELLER as set forth in subparagraph 6 below.

2. **Acceptance or Rejection of Bid.** Within thirty (30) days, or in as reasonable a time thereafter as possible, after BIDDER has paid SELLER the Supplemental Deposit referred to in Paragraph 1 above, SELLER shall consider this bid and accept or reject it.
3. **Rejection or Withdrawal of Bid.** Should this bid be rejected by SELLER or should SELLER fail to accept or reject this bid within the time period set forth in Paragraph 2 above, BIDDER may withdraw this bid and all money paid to SELLER by BIDDER shall be refunded to BIDDER.
4. **Acceptance of Bid.** If this bid is accepted all or in part by SELLER, the Proposal Deposit and the Supplemental Deposit paid to SELLER as provided in Paragraph 1 above shall constitute a portion of the Purchase Price, and BIDDER shall pay SELLER the balance of the Purchase Price within 30 days of SELLER'S written notification to BIDDER of SELLER'S acceptance of the bid.
5. **TDR Certification.** Upon payment of the Purchase Price, SELLER shall deliver to BIDDER a fully executed copy of the Certification of Transfer of Development Rights in the form of Exhibit A1. SELLER shall have the Certification form recorded with the Santa Clara County Recorder's office and will provide BIDDER a certified recorded copy upon return of the original from the Santa Clara County Recorder's office.
6. **Form of Deposit and Damages.** The Proposal Deposit and the additional Supplemental Deposit shall be in the form of a cashier's or certified check made payable to the City of Palo Alto. The Proposal Deposit must be submitted together with this Agreement. Said Proposal Deposit shall be held by the SELLER as a guarantee securing the obligations BIDDER agrees to assume in this Agreement. BIDDER agrees that in the event that this Offer and Agreement to Purchase Certified Transferable Development Rights is accepted by SELLER and BIDDER fails to meet the terms hereof, said Proposal Deposit represents a fair and reasonable estimate of SELLER'S costs in connection with this transaction, and BIDDER further agrees that said sum shall be retained by SELLER as compensation for said costs.
7. **Recording Fees.** In addition to the amounts specified above, BIDDER shall pay all recording fees applicable to this transaction.
8. **Withdrawal Prior to Bid Opening.** BIDDER may withdraw this Offer and Agreement to Purchase Certified Transferable Development Rights at any time prior to the time set for opening bids without penalty. Except as provided under Paragraph 3 above, it may not be withdrawn after the time set for such opening, and any withdrawal after such opening will be subject to the penalties set forth in section 6 of this Agreement.
9. **City's Right to Reject Bids.** SELLER reserves the right to reject any or all bids and to accept bids, all or in part, which will, in its opinion, best serve the public interest

10. **No Guarantee.** The purchase of Certified Transferable Development Rights is subject to the provisions and limitations of the Palo Alto Municipal Code. This agreement includes no guarantee of a receiver site. Zoning regulations may be changed or repealed at any time.
11. All documents, correspondence, and communications concerning this transaction shall be directed as follows:

TO: BIDDER

SAL GI
(Name)

GIOVANNOTTO
(Address)

PO BOX 60177 P/TA 94301
Telephone: (650) 222-0865

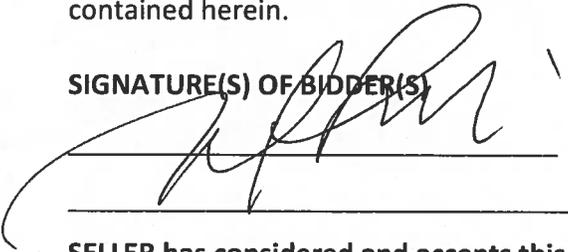
TO: SELLER

CITY OF PALO ALTO
c/o Real Estate Division
250 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94301
Attn: Hamid Ghaemmaghami

12. Time is of the essence of this Agreement.

BIDDER hereby submits this offer with full cognizance of this agreement to the terms and conditions contained herein.

SIGNATURE(S) OF BIDDER(S)



SELLER has considered and accepts this offer:

SELLER: CITY OF PALO ALTO

Date _____

By _____

MAYOR (or designee), CITY OF PALO ALTO

ATTEST:

CITY CLERK

By _____

APPROVED AS TO FORM:

SR. ASST. CITY ATTORNEY

By _____

RECOMMENDED FOR APPROVAL:

DIRECTOR, PLANNING

By _____

BOSTON PRIVATE
WEALTH • TRUST • PRIVATE BANKING

5-234/110

148767

CASHIERS CHECK

August 21, 2018

ONE HUNDRED THIRTY TWO THOUSAND FOUR HUNDRED SIXTY FOUR DOLLARS
AND NO CENTS

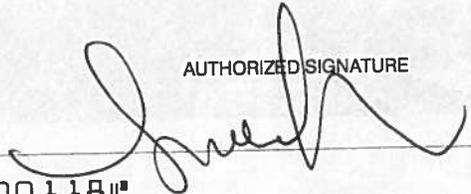
DATE: ***\$132,464.00***

PAY TO THE CITY OF PALO ALTO
ORDER OF

REMITTER VITTORIA MANAGEMENT CO

TDR

AUTHORIZED SIGNATURE



⑈ 148767 ⑈ ⑆ 011002343 ⑆ 0001000118 ⑈

Security Features Included. Details on back.

MP

© Deluxe - BOSTON

**OFFER AND AGREEMENT FOR PURCHASE OF CERTIFIED TRANSFERABLE DEVELOPMENT RIGHTS
(Full Cash Payment)**

Date of the Offer: 8/21/2018

SELLER: CITY OF PALO ALTO

BIDDER/BIDDERS: Villa Rosa Associates, LLC
(Fill in full legal name)

In consideration of SELLER'S proposal to sell the development rights described and shown on the form of Certification of Transfer of Development Rights labeled Exhibits "A1" and "B1" attached hereto, by competitive bids to be received before on 3:00 P.M. Tuesday, August 21, 2018, BIDDER agrees to purchase said development rights as follows:

Number of square foot lots (minimum of one (1) lot up to maximum of six (6) lots): 6
Please receive the purchase proposal/Bid From Villa Rosa Associates, LLC **for**

*Lot Number	Square Footage	Offer Price Per Square Foot	Sum Total of Each Bid
(1) One	1,948	302	588,296
(2) Two	1,948	302	588,296
(3) Three	1,948	302	588,296
(4) Four	1,948	302	588,296
(5) Five	1,948	302	588,296
(6) Six	1,948	302	588,296
Total of all Bids	11,688		3,529,776

*Total of six (6) lots consisting of 1,948 square feet each, for a total of 11,688 square feet.

I (Bidder) Villa Rosa Associates LLC am offering the purchase price of \$ 302 (numerical), \$ Three Hundred Two (value in text) per square foot for each lot. This is a total value of \$ 3,529,776 (numerical), \$ Three million Five Hundred Twenty-Nine Thousand Seven Hundred Seventy-Six (value in text).

In accordance with subparagraph 6 below, and with this offer, I (Bidder) am including funds for the SELLER, as a good faith deposit (the "Proposal Deposit") of ten percent (10%) of the total Purchase Price in the amount of: \$ 352,977.60.

This bid is conditioned upon and made with BIDDER'S understanding and agreement to the following terms:

- Supplemental Deposit.** Upon written notice from SELLER'S Real Estate Division that BIDDER is a **qualified high bidder**, in all or in part, BIDDER shall within 7 calendar days after said notice pay SELLER an additional sum (the "Supplemental Deposit") equal to the difference between the Proposal Deposit and 50% of the total amount bid. Should BIDDER, for any reason whatsoever, fail to pay to SELLER the Supplemental Deposit, the Proposal Deposit shall be retained by SELLER as set forth in subparagraph 6 below.

2. **Acceptance or Rejection of Bid.** Within thirty (30) days, or in as reasonable a time thereafter as possible, after BIDDER has paid SELLER the Supplemental Deposit referred to in Paragraph 1 above, SELLER shall consider this bid and accept or reject it.
3. **Rejection or Withdrawal of Bid.** Should this bid be rejected by SELLER or should SELLER fail to accept or reject this bid within the time period set forth in Paragraph 2 above, BIDDER may withdraw this bid and all money paid to SELLER by BIDDER shall be refunded to BIDDER.
4. **Acceptance of Bid.** If this bid is accepted all or in part by SELLER, the Proposal Deposit and the Supplemental Deposit paid to SELLER as provided in Paragraph 1 above shall constitute a portion of the Purchase Price, and BIDDER shall pay SELLER the balance of the Purchase Price within 30 days of SELLER'S written notification to BIDDER of SELLER'S acceptance of the bid.
5. **TDR Certification.** Upon payment of the Purchase Price, SELLER shall deliver to BIDDER a fully executed copy of the Certification of Transfer of Development Rights in the form of Exhibit A1. SELLER shall have the Certification form recorded with the Santa Clara County Recorder's office and will provide BIDDER a certified recorded copy upon return of the original from the Santa Clara County Recorder's office.
6. **Form of Deposit and Damages.** The Proposal Deposit and the additional Supplemental Deposit shall be in the form of a cashier's or certified check made payable to the City of Palo Alto. The Proposal Deposit must be submitted together with this Agreement. Said Proposal Deposit shall be held by the SELLER as a guarantee securing the obligations BIDDER agrees to assume in this Agreement. BIDDER agrees that in the event that this Offer and Agreement to Purchase Certified Transferable Development Rights is accepted by SELLER and BIDDER fails to meet the terms hereof, said Proposal Deposit represents a fair and reasonable estimate of SELLER'S costs in connection with this transaction, and BIDDER further agrees that said sum shall be retained by SELLER as compensation for said costs.
7. **Recording Fees.** In addition to the amounts specified above, BIDDER shall pay all recording fees applicable to this transaction.
8. **Withdrawal Prior to Bid Opening.** BIDDER may withdraw this Offer and Agreement to Purchase Certified Transferable Development Rights at any time prior to the time set for opening bids without penalty. Except as provided under Paragraph 3 above, it may not be withdrawn after the time set for such opening, and any withdrawal after such opening will be subject to the penalties set forth in section 6 of this Agreement.
9. **City's Right to Reject Bids.** SELLER reserves the right to reject any or all bids and to accept bids, all or in part, which will, in its opinion, best serve the public interest

10. **No Guarantee.** The purchase of Certified Transferable Development Rights is subject to the provisions and limitations of the Palo Alto Municipal Code. This agreement includes no guarantee of a receiver site. Zoning regulations may be changed or repealed at any time.
11. All documents, correspondence, and communications concerning this transaction shall be directed as follows:

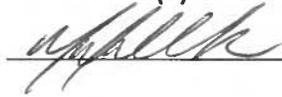
TO: BIDDER
Villa Rosa Associates, LLC
 (Name)
4966 El Camino Real #209
 (Address)
Los Altos, CA 94022
 Telephone: (650) 961-1234

TO: SELLER
 CITY OF PALO ALTO
 c/o Real Estate Division
 250 Hamilton Avenue
 P.O. Box 10250
 Palo Alto, CA 94301
 Attn: Hamid Ghaemmaghami

12. Time is of the essence of this Agreement.

BIDDER hereby submits this offer with full cognizance of this agreement to the terms and conditions contained herein.

SIGNATURE(S) OF BIDDER(S)



SELLER has considered and accepts this offer:

SELLER: CITY OF PALO ALTO

Date _____

By _____

MAYOR (or designee), CITY OF PALO ALTO

ATTEST:

CITY CLERK

By _____

APPROVED AS TO FORM:

SR. ASST. CITY ATTORNEY

By _____

RECOMMENDED FOR APPROVAL:

DIRECTOR, PLANNING

By _____

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD TO LIGHT TO VIEW



FIRST REPUBLIC BANK
It's a privilege to serve you®
400 SOUTH SAN ANTONIO ROAD
LOS ALTOS, CA 94022

CASHIER'S CHECK



DATE 08/21/2018

068002083
068002083

PAY THE SUM OF

AMOUNT \$352,977.60

THREE HUNDRED FIFTY TWO THOUSAND NINE HUNDRED SEVENTY SEVEN and 60/100 DOLLARS

IMPORTANT NOTICE

NO REFUND OR REPLACEMENT FOR A LOST, STOLEN OR DESTROYED CASHIER'S CHECK CAN OCCUR UNTIL THE 90TH DAY FOLLOWING THE ISSUE DATE OF THE CHECK AND COMPLETION OF THE BANK'S DECLARATION OF LOSS FORM

TO THE ORDER OF THE CITY OF PALO ALTO

VOID AFTER 90 DAYS

[Signature] MP
[Signature] MP
2 SIGNATURES REQUIRED OVER \$1000.00

⑈068002083⑈ ⑆321081669⑆ 99299999999⑈

Details on Back. Security Features Included.

This document is recorded
for the benefit of the City
of Palo Alto and is entitled
to be recorded free of charge
in accordance with Section 6103
of the Government Code.
After Recordation, mail to:

REAL PROPERTY MANAGER
City of Palo Alto
P. O. Box 10250
Palo Alto, CA 94303

**CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS
AVENIDAS BUILDING
450 Bryant Street, Palo Alto, CA
APN: 120-26-095, 5,844 Square Feet of TDRs**

- A. The City of Palo Alto, a municipal corporation (“Property Owner”) is the owner of a parcel of real property (the “Historic Site”), generally known as the Avenidas Building, located at 450 Bryant Street, City of Palo Alto, County of Santa Clara, State of California and more particularly described in Exhibits “A & B” attached to this document and made a part of it.
- B. To promote the preservation and rehabilitation of historic buildings, Palo Alto Municipal Code Chapter 18.18.080 permits transfer of 9,188 square feet of development rights from the Historic Site to an eligible receiver site. As a condition of such transfer, the Historic Site must be developed and maintained in conformance with the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the “Standards and Guidelines”).
- C. On May 26, 2015, the City’s Historic Resources Board (HRB) reviewed the plans for the renovation of Avenidas Building (the “Project”) and the Historic Structure Report as required for the project to participate in the TDR program. THE HRB supported participation of the Avenidas Building project in the TDR program and unanimously recommended approval of the Project as complying with the Secretary of the Interior’s Standards for historic and seismic rehabilitation.
- D. The Director of Planning approved the recommendation of the HRB and therefore certified that the Historic Site is an eligible sender site for 9,188 square feet of development rights for historic and seismic rehabilitation. No floor area bonus has been utilized at the Historic Site. The Transfer Development Rights for the Avenidas Building

cannot be used as an exemption to offset the parking requirements of the City of Palo Alto for additional square footage for new or existing developments.

- E. On May 29, 2018, the Palo Alto City Council confirmed the eligibility of the Historic Site as a "Sender Site" in the Transfer of Development Rights program.
- F. The City's Planning Division has approved plans and issued permits for the rehabilitation of the historic property in accordance with the Project plans and the Secretary of Interior's Standards for Rehabilitation and therefore has certified that the Historic Sender Site is an eligible Historic Sender site for 9,188 square feet of development rights for historic rehabilitation and seismic.
- G. On May 29, 2018 Council also approved a resolution (CMR: 9245) designating the former Avenidas building as a Sender Site in the TDR program, fulfilling the first of five provisions required for eligible City owned buildings to participate in the TDR program as set forth in Municipal Code 18.28.060(d) . The second provision, requiring the City Manager to establish a public bidding process to sell the bonus floor area development rights, has been completed and is documented according to policy and Procedures 1-46/ASD (Exhibits C). The third provision was fulfilled on May 26, 2015, Historic Structures Report prepared by Avenidas for the building and the fourth provision by the project approvals from the HRB, ARB and Director of Planning and Community Environment. Satisfaction of the fifth provision, the establishment by the City Manager of a fund for the proceeds from the TDR sale, will occur following the completion of the sale of the TDR.
- H. The holder of this Certification is entitled to **5,844 square feet** of certified transferable development rights originating from the Avenidas building.
- I. This Certification shall be recorded in the office of the Recorder of the County of Santa Clara.
- J. The holder of this Certification has the right to transfer, sell or otherwise convey the transferable development rights granted in this certification in accordance with the provisions of Chapters 18.18.080 and 18.28 of the Palo Alto Municipal Code, as they may be amended from time to time. All transfers are subject to the limitations and possible termination of the transfer of development rights program in the future.

IN WITNESS WHEREOF, the parties have executed this Certification on the dates set forth below.

PROPERTY OWNER:

CITY OF PALO ALTO, a municipal
Corporation

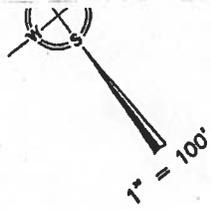
City Manager

Director of Planning &
Community Environment

APPROVED AS TO FORM:

Senior Assistant City Attorney

Exhibit A



DETAIL
LAWRENCE E. STI
Cadastral map for ass
Completed under R. 8
Effective Roll Year

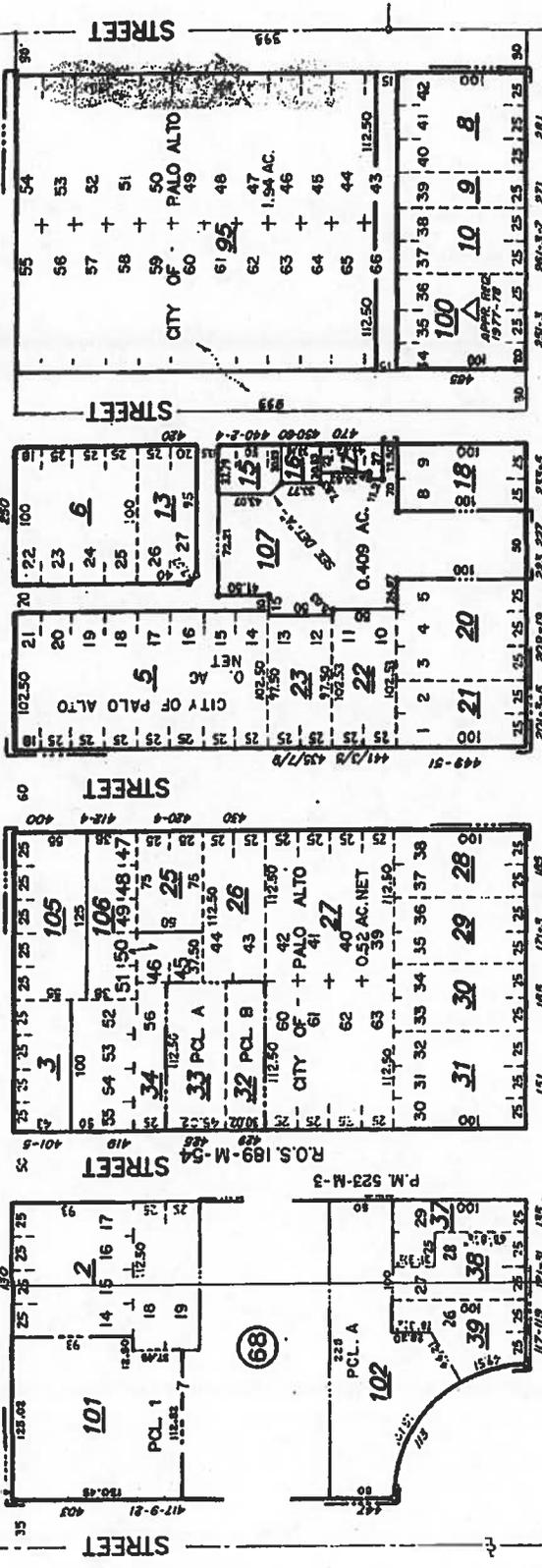
OFFICE OF COUNTY ASSESSOR
WH. H. HART'S
SUBDIVISION OF BLOCK 4
LYTTON
P.M. 510-M16

(25)

SANTA CLARA COUNTY

MILLS SUBDIVISION
OF BLOCK 13

CALIFORNIA
AVENUE



(15)

AVENUE
P.M. 620-M-21

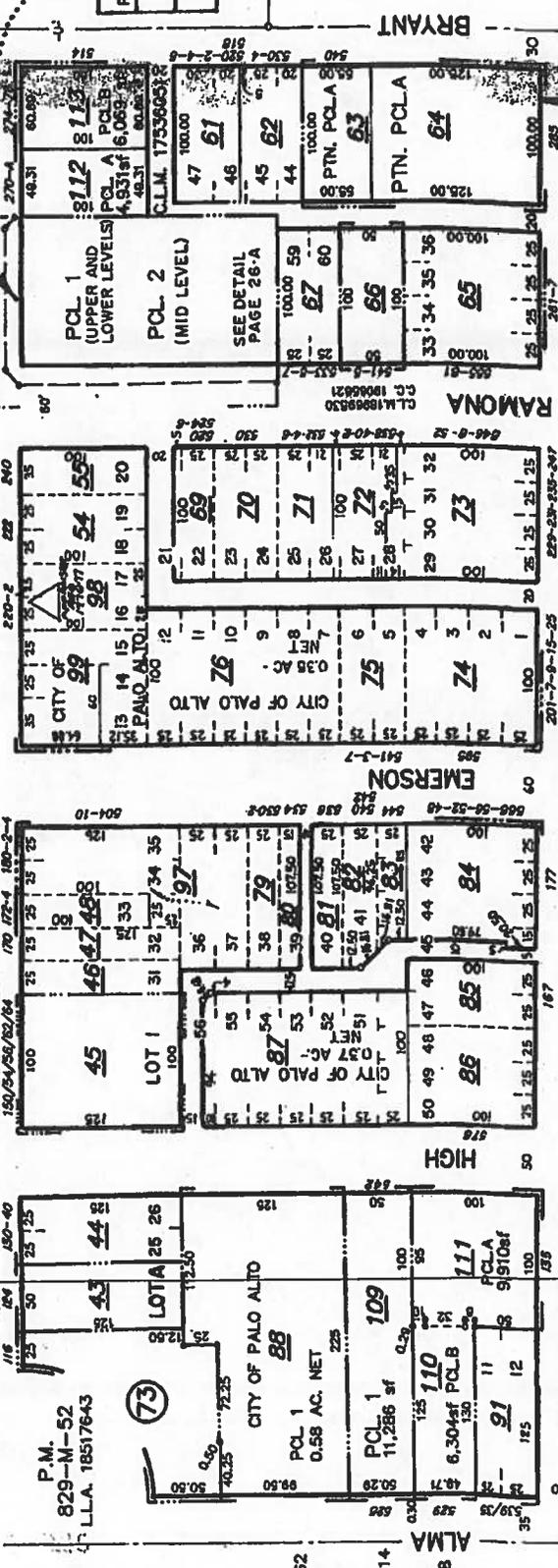
LLA 17534705

(27)

HAMILTON
P. J. MARTIN'S
SUBDIVISION OF BLOCK 5

UNIVERSITY
TR. NET 308
P.M. 829-M-52
LLA. 18517643

(32)



(32)

6327062

19268614

9412718

ALMA

HAMILTON

EMERSON

HIGH

RAMONA

BRYANT

AVENUE

P.M. 274-M-15

MILLERS SUBDIVISION
OF BLOCK 12

(27)

P. J. MARTIN'S
SUBDIVISION OF BLOCK 5

UNIVERSITY

TR. NET 308

P.M. 829-M-52

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ALMA

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AVENUE

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MILLERS SUBDIVISION
OF BLOCK 12

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ALMA

HAMILTON

EMERSON

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RAMONA

BRYANT

AVENUE

P.M. 274-M-15

MILLERS SUBDIVISION
OF BLOCK 12

(27)

P. J. MARTIN'S
SUBDIVISION OF BLOCK 5

UNIVERSITY

TR. NET 308

P.M. 829-M-52

LLA. 18517643

(32)

6327062

19268614

9412718

ALMA

Exhibit: B

BRYANT STREET

74'

7.5'

P.O.B.

TRUE F.O.B.

132.0'

68.0'

48

47

46

45

44

+

+

+

+

+

+

40'

50.0'

128.0'

15.0'

LANE 13 EAST

66

FOUR EXCLUSIVE PARKING SPACES

LYTTON AVENUE

COGSWELL PLAZA

BLOCK

61

62

63

64

65

PUBLIC PARKING LOT

25 NON EXCLUSIVE PARKING SPACES

RAMONA STREET



LAND TO BE LEASED

FIELD BOOK _____
PAGE _____ DATE _____

LEASE DIAGRAM
CITY OWNED LAND

APPROVED: *[Signature]* 1973

SCALE: 1" = 40'
DWG. NO. _____

Exhibit C

POLICY AND PROCEDURE 1-46/ASD FOR SALE/TRANSFER OF DEVELOPMENT RIGHTS FOR CITY-OWNED PROPERTY

POLICY STATEMENT

It is the policy of the City of Palo Alto that the disposal of City property and assets, including the transfer of certified development rights, be accomplished through a public bid process. To assure the highest return for sale of its assets, the process involves an appraisal of fair market value and an open and competitive bid process. The City Council may reject any or all bids and accept that bid which will, in its opinion, best serve the public interest.

PROCEDURE

1. Following designation of a city-owned site as an eligible “sender site,” and determination of a floor area bonus in accordance with Palo Alto Municipal Code Chapters 18.18.070, 18.18.080, and 18.28.060 (d), the Real Property Manager shall appraise (or have appraised) the value of the rights to be sold to determine a minimum bid.
2. The Real Estate Division shall prepare a Request for Proposals (RFP) to be released as follows:
 - a. An ad shall be placed in the Real Estate section of the local newspapers.
 - b. Flyers advising of the offering shall be sent to all persons on the Real Estate Division “Surplus Property Mailing List,” persons owning eligible “receiver sites,” local developers and others likely to be interested in the offering.
3. The bid opening shall be scheduled by the Real Property Manager and the Purchasing Manager. At the bid opening the Purchasing Division shall:
 - a. Open Sealed bids
 - b. If specified in the RFP, accept oral bidding beginning at 5% above the highest written bid.
4. The Real Estate Division shall forward the results of the bidding to the Council with a staff recommendation. The Council may reject any or all bids and accept that bid which will, in its opinion, best serve the public interest.

NOTE: Questions and/or clarifications of this policy should be directed to the Administrative Services Department.

ATTACHMENT E

This document is recorded for the benefit of the City of Palo Alto and is entitled to be recorded free of charge in accordance with Section 6103 of the Government Code.

After Recordation, mail to:

REAL PROPERTY MANAGER
City of Palo Alto
P. O. Box 10250
Palo Alto, CA 94303

**CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS
AVENIDAS BUILDING
450 Bryant Street, Palo Alto, CA
APN: 120-26-095, 1,948 Square Feet of TDRs**

- A. The City of Palo Alto, a municipal corporation (“Property Owner”) is the owner of a parcel of real property (the “Historic Site”), generally known as the Avenidas Building, located at 450 Bryant Street, City of Palo Alto, County of Santa Clara, State of California and more particularly described in Exhibits “A & B” attached to this document and made a part of it.
- B. To promote the preservation and rehabilitation of historic buildings, Palo Alto Municipal Code Chapter 18.18.080 permits transfer of 9,188 square feet of development rights from the Historic Site to an eligible receiver site. As a condition of such transfer, the Historic Site must be developed and maintained in conformance with the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the “Standards and Guidelines”).
- C. On May 26, 2015, the City’s Historic Resources Board (HRB) reviewed the plans for the renovation of Avenidas Building (the “Project”) and the Historic Structure Report as required for the project to participate in the TDR program. THE HRB supported participation of the Avenidas Building project in the TDR program and unanimously recommended approval of the Project as complying with the Secretary of the Interior’s Standards for historic and seismic rehabilitation.
- D. The Director of Planning approved the recommendation of the HRB and therefore certified that the Historic Site is an eligible sender site for 9,188 square feet of development rights for historic and seismic rehabilitation. No floor area bonus has been utilized at the Historic Site. The Transfer Development Rights for the Avenidas Building

cannot be used as an exemption to offset the parking requirements of the City of Palo Alto for additional square footage for new or existing developments.

- E. On May 29, 2018, the Palo Alto City Council confirmed the eligibility of the Historic Site as a "Sender Site" in the Transfer of Development Rights program.
- F. The City's Planning Division has approved plans and issued permits for the rehabilitation of the historic property in accordance with the Project plans and the Secretary of Interior's Standards for Rehabilitation and therefore has certified that the Historic Sender Site is an eligible Historic Sender site for 9,188 square feet of development rights for historic rehabilitation and seismic.
- G. On May 29, 2018 Council also approved a resolution (CMR: 9245) designating the former Avenidas building as a Sender Site in the TDR program, fulfilling the first of five provisions required for eligible City owned buildings to participate in the TDR program as set forth in Municipal Code 18.28.060(d) . The second provision, requiring the City Manager to establish a public bidding process to sell the bonus floor area development rights, has been completed and is documented according to policy and Procedures 1-46/ASD (Exhibit C). The third provision was fulfilled on May 26, 2015, Historic Structures Report prepared by Avenidas for the building and the fourth provision by the project approvals from the HRB, ARB and Director of Planning and Community Environment. Satisfaction of the fifth provision, the establishment by the City Manager of a fund for the proceeds from the TDR sale, will occur following the completion of the sale of the TDR.
- H. The holder of this Certification is entitled to **1,948 square feet** of certified transferable development rights originating from the Avenidas historic building.
- I. This Certification shall be recorded in the office of the Recorder of the County of Santa Clara.
- J. The holder of this Certification has the right to transfer, sell or otherwise convey the transferable development rights granted in this certification in accordance with the provisions of Chapters 18.18.080 and 18.28 of the Palo Alto Municipal Code, as they may be amended from time to time. All transfers are subject to the limitations and possible termination of the transfer of development rights program in the future.

IN WITNESS WHEREOF, the parties have executed this Certification on the dates set forth below.

PROPERTY OWNER:

CITY OF PALO ALTO, a municipal
Corporation

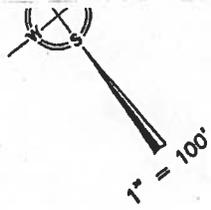
City Manager

Director of Planning &
Community Environment

APPROVED AS TO FORM:

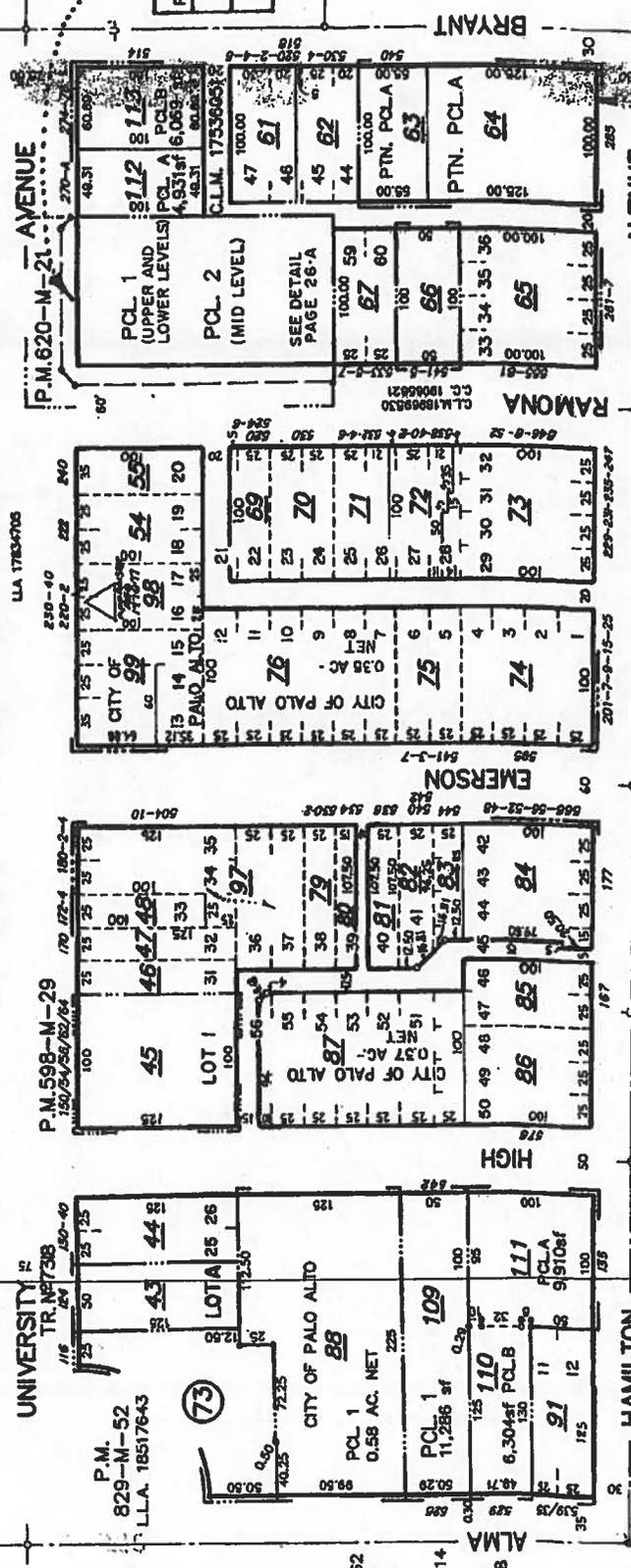
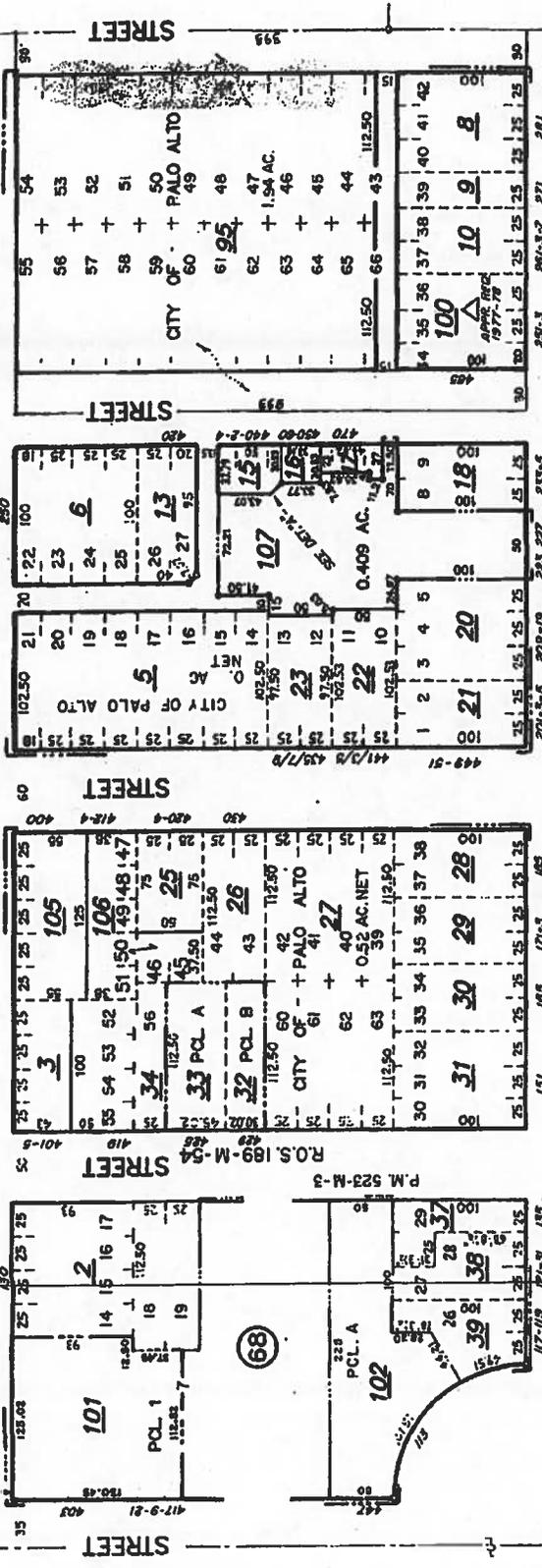
Senior Assistant City Attorney

Exhibit A



DETAIL
LAWRENCE E. STI
Cadastral map for ass
Completed under R. 8
Effective Roll Year

OFFICE OF COUNTY ASSESSOR
WH. H. HART'S
SUBDIVISION OF BLOCK 4
LYTTON STREET
R.P.M.510-M16



UNIVERSITY STREET
P.M. 829-M-52
LLA. 18517643

ALMA HIGH
P.M. 598-M-29
LLA. 150/54/56/62/64

EMERSON STREET
P.M. 620-M-21
LLA. 21330434

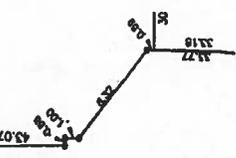
RAMONA STREET
P.M. 274-M-15
MILLERS SUBDIVISION OF BLOCK 12

HAMILTON STREET
P. J. MARTIN'S SUBDIVISION OF BLOCK 5

PCL	APN
1	103
2	104

500 UNITS
UNIVERSITY

CITY OF P



DETAIL

LAWRENCE E. STI
Cadastral map for ass
Completed under R. 8
Effective Roll Year

Exhibit: B

BRYANT STREET

74'

7.5'

P.O.B.

TRUE F.O.B.

132.0'

68.0'

48

47

46

45

44

+

+

+

+

+

+

40'

50.0'

128.0'

15.0'

LANE 13 EAST

66

FOUR EXCLUSIVE PARKING SPACES

LYTTON AVENUE

COGSWELL PLAZA

BLOCK

61

62

63

64

65

PUBLIC PARKING LOT

25 NON EXCLUSIVE PARKING SPACES

RAMONA STREET



LAND TO BE LEASED

FIELD BOOK _____
PAGE _____ DATE _____

LEASE DIAGRAM
CITY OWNED LAND

APPROVED: *[Signature]* 1973

SCALE: 1" = 40'
DWG. NO. _____

ATTACHMENT F

This document is recorded for the benefit of the City of Palo Alto and is entitled to be recorded free of charge in accordance with Section 6103 of the Government Code.

After Recordation, mail to:

REAL PROPERTY MANAGER
City of Palo Alto
P. O. Box 10250
Palo Alto, CA 94303

**CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS
AVENIDAS BUILDING
450 Bryant Street, Palo Alto, CA
APN: 120-26-095, 1,396 Square Feet of TDRs**

- A. The City of Palo Alto, a municipal corporation (“Property Owner”) is the owner of a parcel of real property (the “Historic Site”), generally known as the Avenidas Building, located at 450 Bryant Street, City of Palo Alto, County of Santa Clara, State of California and more particularly described in Exhibits “A & B” attached to this document and made a part of it.
- B. To promote the preservation and rehabilitation of historic buildings, Palo Alto Municipal Code Chapter 18.18.080 permits transfer of 9,188 square feet of development rights from the Historic Site to an eligible receiver site. As a condition of such transfer, the Historic Site must be developed and maintained in conformance with the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the “Standards and Guidelines”).
- C. On May 26, 2015, the City’s Historic Resources Board (HRB) reviewed the plans for the renovation of Avenidas Building (the “Project”) and the Historic Structure Report as required for the project to participate in the TDR program. THE HRB supported participation of the Avenidas Building project in the TDR program and unanimously recommended approval of the Project as complying with the Secretary of the Interior’s Standards for historic and seismic rehabilitation.
- D. The Director of Planning approved the recommendation of the HRB and therefore certified that the Historic Site is an eligible sender site for 9,188 square feet of development rights for historic and seismic rehabilitation. No floor area bonus has been utilized at the Historic Site. The Transfer Development Rights for the Avenidas Building

cannot be used as an exemption to offset the parking requirements of the City of Palo Alto for additional square footage for new or existing developments.

- E. On May 29, 2018, the Palo Alto City Council confirmed the eligibility of the Historic Site as a “Sender Site” in the Transfer of Development Rights program.
- F. The City’s Planning Division has approved plans and issued permits for the rehabilitation of the historic property in accordance with the Project plans and the Secretary of Interior’s Standards for Rehabilitation and therefore has certified that the Historic Sender Site is an eligible Historic Sender site for 9,188 square feet of development rights for historic rehabilitation and seismic.
- G. On May 29, 2018 Council approved a resolution (CMR: 9245) designating the former Avenidas building as a Sender Site in the TDR program, fulfilling the first of five provisions required for eligible City owned buildings to participate in the TDR program as set forth in Municipal Code 18.28.060(d) . The second provision, requiring the City Manager to establish a public bidding process to sell the bonus floor area development rights, has been completed and is documented according to policy and Procedures 1-46/ASD (Exhibit C). The third provision was fulfilled on May 26, 2015, Historic Structures Report prepared by Avenidas for the building and the fourth provision by the project approvals from the HRB, ARB and Director of Planning and Community Environment. Satisfaction of the fifth provision, the establishment by the City Manager of a fund for the proceeds from the TDR sale, will occur following the completion of the sale of the TDR.
- H. The holder of this Certification is entitled to **1,396 square feet** of certified transferable development rights originating from the Avenidas building.
- I. This Certification shall be recorded in the office of the Recorder of the County of Santa Clara.
- J. The holder of this Certification has the right to transfer, sell or otherwise convey the transferable development rights granted in this certification in accordance with the provisions of Chapters 18.18.080 and 18.28 of the Palo Alto Municipal Code, as they may be amended from time to time. All transfers are subject to the limitations and possible termination of the transfer of development rights program in the future.

IN WITNESS WHEREOF, the parties have executed this Certification on the dates set forth below.

PROPERTY OWNER:

CITY OF PALO ALTO, a municipal
Corporation

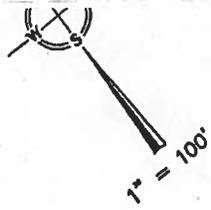
City Manager

Director of Planning &
Community Environment

APPROVED AS TO FORM:

Senior Assistant City Attorney

Exhibit A



DETAIL
LAWRENCE E. STI
Cadastral map for ass
Completed under R. 8
Effective Roll Year

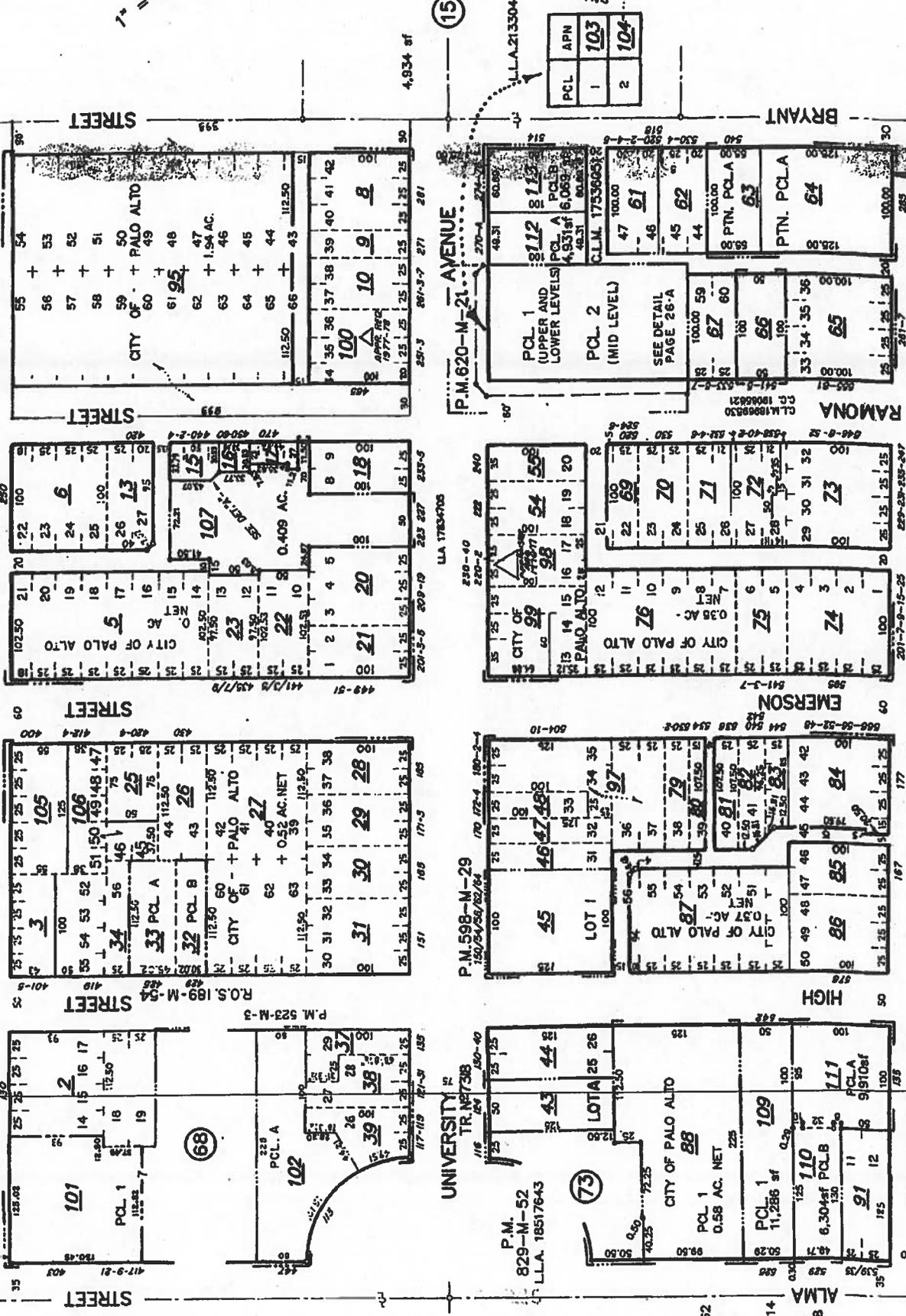
OFFICE OF COUNTY ASSESSOR
WH. H. HART'S
SUBDIVISION OF BLOCK 4
LYTTON
P.M. 510-M16

(25)

SANTA CLARA COUNTY

MILLS SUBDIVISION
OF BLOCK 13

CALIFORNIA
AVENUE



AVENUE
P.M. 274-M-15

MILLERS SUBDIVISION
OF BLOCK 12

(27)

P. J. MARTIN'S
SUBDIVISION OF BLOCK 5

HAMILTON

PCL	APN
1	103
2	104

500 UNITS
UNIVERSITY
CITY OF P

(15)

AVENUE
P.M. 620-M-21

UNIVERSITY
TR. NET 308
P.M. 829-M-52
LLA. 18517643

LOT 1
P.M. 598-M-29
LLA. 17834705

LOT 2
P.M. 598-M-29
LLA. 17834705

LOT 3
P.M. 598-M-29
LLA. 17834705

LOT 4
P.M. 598-M-29
LLA. 17834705

LOT 5
P.M. 598-M-29
LLA. 17834705

LOT 6
P.M. 598-M-29
LLA. 17834705

LOT 7
P.M. 598-M-29
LLA. 17834705

6-327062

19268614

9412718

Exhibit: B

BRYANT STREET

74'

7.5'

P.O.B.

TRUE F.O.B.

132.0'

68.0'

48

47

46

45

44

+

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+

40'

50.0'

128.0'

15.0'

LANE 13 EAST

66

FOUR EXCLUSIVE PARKING SPACES

LYTTON AVENUE

COGSWELL PLAZA

BLOCK

61

62

63

64

65

PUBLIC PARKING LOT

25 NON EXCLUSIVE PARKING SPACES

RAMONA STREET



LAND TO BE LEASED

FIELD BOOK _____
PAGE _____ DATE _____

LEASE DIAGRAM
CITY OWNED LAND

APPROVED: *[Signature]* 1973

SCALE: 1" = 40'
DWG. NO. _____

CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS – College Terrace Building

This document is recorded for the benefit of the City of Palo Alto and is entitled to be recorded free of charge in accordance with Section 6103 of the Government Code.

After Recordation, mail to:

REAL PROPERTY MANAGER
City of Palo Alto
P. O. Box 10250
Palo Alto, CA 94303

Project: College Terrace Library,
2300 Wellesley Street, Palo Alto, CA

CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS

**Palo Alto College Terrace Library
2300 Wellesley Street, Palo Alto, CA
APN 137-02-025, 2,500 Square Feet of TDRS**

- A. The City of Palo Alto, a municipal corporation (“Property Owner”) is the owner of a parcel of real property (the “Historic Site”), generally known as the Palo Alto College Terrace Library, located at 2300 Wellesley Street, City of Palo Alto, County of Santa Clara, State of California and more particularly described in Exhibit “A” attached to this document and made a part of it.
- B. To promote the preservation and rehabilitation of historic buildings, Palo Alto Municipal Code Chapter 18.18.080 permits transfer of 2,500 square feet of development rights from the Historic Site to an eligible receiver site. As a condition of such transfer, the Historic Site must be developed and maintained in conformance with the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the “Standards and Guidelines”).
- C. On January 21, 2009, the City’s Historic Resources Board (HRB) reviewed the plans for the renovation of College Terrace Library (the “Project”) and the Historic Structure Report as required for the project to participate in the TDR program. THE HRB supported participation of the College Terrace Library project in the TDR program and unanimously recommended approval of the Project as complying with the Secretary of the Interior’s Standards for Rehabilitation
- D. The Director of Planning approved the recommendation of the HRB and therefore

certified that the Historic Site is an eligible sender site for 2,500 square feet of development rights for historic preservation. No floor area bonus has been utilized at the Historic Site.

- E. On April 13, 2009, the Palo Alto City Council confirmed the eligibility of the Historic Site as a “Sender Site” in the Transfer of Development Rights program.
- F. The City’s Planning Division has approved plans and issued permits for the rehabilitation of the historic property in accordance with the Project plans and the Secretary of Interior’s Standards for Rehabilitation and therefore has certified that the Historic Sender Site is an eligible Historic Sender site for 2,500 square feet of development rights for historic rehabilitation.
- G. On April 13, 2009 Council approved a resolution (CMR: 202:09) designating the College Terrace building as a Sender Site in the TDR program, fulfilling the first of five provisions required for eligible City owned buildings to participate in the TDR program as set forth in Municipal Code 18.28.060(d). The second provision, requiring the City Manager to establish a public bidding process to sell the bonus floor area development rights, has been completed and is documented according to policy and Procedures 1-46/ASD (Exhibit C). The third provision was fulfilled on May 21, 2009, Historic Structures Report prepared by the City of Palo Alto for the building and the fourth provision by the project approvals from the HRB, ARB and Director of Planning and Community Environment. Satisfaction of the fifth provision, the establishment by the City Manager of a fund for the proceeds from the TDR sale, will occur following the completion of the sale of the TDR.
- H. The holder of this Certification is entitled to **2,500 square feet** of certified transferable development rights originating from the College Terrace Library Renovation Project.
- I. This Certification shall be recorded in the office of the Recorder of the County of Santa Clara.
- J. The holder of this Certification has the right to transfer, sell or otherwise convey the transferable development rights granted in this certification in accordance with the provisions of Chapters 18.18.080_ and 18.28 of the Palo Alto Municipal Code, as they may be amended from time to time. All transfers are subject to the limitations and possible termination of the transfer of development rights program in the future.

IN WITNESS WHEREOF, the parties have executed this Certification on the dates set forth below.

PROPERTY OWNER:

CITY OF PALO ALTO, a municipal
Corporation

City Manager

Director of Planning &
Community Environment

APPROVED AS TO FORM:

Senior Assistant City Attorney

LEGAL DESCRIPTION
EXHIBIT 'A'
"HOLLYWOOD PARK"

All that certain real property situated in the City of Palo Alto, Santa Clara County, State of California, being portions of Blocks 36, 37, 38 and 39, as shown on the map entitled "COLLEGE TERRACE", filed on October 8, 1891 in Book "E" of Maps at Page 121, Santa Clara County records, more particularly described as follows:

BEGINNING at the most westerly corner of Lot 15, of said Block 39; thence along the southwesterly line of Lot 15 and Lot 16 of said Block 39, 50 feet to the most southerly corner of said Lot 16, Block 39; thence continuing along the southeasterly prolongation of the southwesterly line of said Lot 16, Block 39, 60 feet to the most westerly corner of Lot 16, of said Block 38; thence continuing along the southwesterly line of Lot 16 and Lot 15, said Block 38, 50 feet to the most southerly corner of said Lot 15, Block 38; thence leaving said southwesterly line, along the northwesterly line of Lot 17, of said Block 38, 125 feet to the most westerly corner of said Lot 17, Block 38; thence continuing along the southwesterly prolongation of the northwesterly line of said Lot 17, Block 38, 60 feet to the most northerly corner of Lot 14, of said Block 37; thence along the northwesterly line of said Lot 14, Block 37, 125 feet to the most westerly corner of said Lot 14, Block 37; thence leaving said northwesterly line, along the northeasterly line of Lot 16 and Lot 15, of said Block 37, 50 feet to the most northerly corner of said Lot 15, Block 37; thence continuing along the northwesterly prolongation of the northeasterly line of said Lot 15, Block 37, 60 feet to the most easterly corner of Lot 15, of said Block 36; thence continuing along the northeasterly line of Lot 15 and Lot 16, of said Block 36, 50 feet to the most northerly corner of said Lot 16, Block 36; thence leaving said northeasterly line, along the southeasterly line of Lot 14, of said Block 36, 125 feet to the most easterly corner of said Lot 14, Block 36; thence continuing along the northeasterly prolongation of the southeasterly line of said Lot 14, Block 36, 60 feet to the most southerly corner of Lot 17, of said Block 39; thence continuing along the southeasterly line of said Lot 17, Block 39, 125 feet to the **POINT OF BEGINNING**.

Containing an area of 49,600 square feet (1.139 acres), more or less.

Parcel is shown on attached plat EXHIBIT B and made a part thereof.

END OF DESCRIPTION

ATTACHMENT H

This document is recorded for the benefit of the City of Palo Alto and is entitled to be recorded free of charge in accordance with Section 6103 of the Government Code.

After Recordation, mail to:
OFFICE OF THE CITY ATTORNEY
250 Hamilton Avenue
Palo Alto, CA 94301

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS FOR HISTORIC PRESERVATION AND CERTIFICATION OF DEVELOPMENT RIGHTS

450 Bryant Street, PALO ALTO, CA
Assessor's Parcel No. 120-26-095

This AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS AND CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS is entered into as of _____, 2018, by and between Avenidas, a California non-profit, tax exempt organization, whose address is 450 Bryant St, Palo Alto, CA 94301, ("Covenantor"), and the City of Palo Alto, a California chartered municipal corporation ("City").

RECITALS

A. Covenantor is the holder of the Lease of a City owned real property, (the "Historic Site") generally located at 450 Bryant Street, Palo Alto, County of Santa Clara, State of California and more particularly described in Exhibit "A" and "B" attached to this document and a part of it. On May 26, 2016 the Historic Resources Board recommended inclusion of the property in the proposed designation as a Category 2 building. It was determined that the building meets the definition of "historic rehabilitation" as set forth in Municipal Code Section 18.18.080, and that the proposed historic rehabilitation plan for the building maintains the building's identified historic character by conforming to the Secretary of Interior's Standards for Rehabilitation with respect to preservation of character-defining features and with respect to compatibility and differentiation of the proposed new construction.

B. On January 1, 2015, City granted Avenidas a long term lease of the Historic Site. That Lease currently expires on January 1, 2065.

C. To promote the preservation and historic and seismic rehabilitation of historic buildings, Palo Alto Municipal Code Chapter 18.18.080 permits transfer of 9,188 square feet of development rights from the Historic Site to an eligible receiver site. As a condition of such transfer, the Historic Sender Site must be developed and maintained in conformance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. City's Historic Resources Board recommended approval of historic rehabilitation plans on May 26, 2016. The Architectural Review Board initially approved the

project on June 16, 2016.

D. The City of Palo Alto Planning Department has approved the project, building permits have been issued and the Covenantor is currently overseeing the historical rehabilitation, renovation and expansion of the Building.

E. The Covenantor acknowledges and agrees that the covenants and restrictions in this Declaration are reasonable and acceptable conditions in an exchange of benefits received by Covenantor.

AGREEMENT

NOW, THEREFORE, Covenantor declares and covenants as follows:

1. Historic Site Shall Be Rehabilitated and Maintained as Historic Property. The Historic Site shall be burdened by the following restriction, which shall run with the Sender Site and be binding upon the successors and assigns of both Covenantor, as tenant, and City, as owner, that the Historic Sender Site shall be held, used, pledged, mortgaged and leased subject to and in accordance with the following restriction:

Structures existing on the Historic Site as of the date of this Declaration shall be rehabilitated and maintained in accordance with the Secretary of the Interior's Standards for Rehabilitation of Historic Buildings, issued by the National Park Service, (36 Code of Federal Regulations Part 67) together with the accompanying interpretive Guidelines for Rehabilitation Historic Buildings, as they may be amended from time to time. The plan of rehabilitation was approved by the City on November 9, 2017, based upon a submittal prepared by Garavaglia Architecture, Inc., as it may be modified from time to time, in writing, by the Director of Planning or the City Council, in accordance with City rules and procedures.

2. Covenants Running with the Land. The covenants set forth herein shall be covenants running with the land and shall be binding upon Covenantor and City and their legal representatives, heirs, successors and assigns. Each of the covenants herein is expressly made for the benefit of the City of Palo Alto, and shall run with and burden the Historic Site. This Agreement is intended to be binding upon and enforceable against successive owners, users or tenants of the Historic Site under all applicable provisions of California law, including but not limited to Section 1468 of the California Civil Code.

3. Assumption by Transferee. Covenantor and any "Permitted Transferee," as hereinafter defined, agree and covenant not to transfer the Sender Sites except to a person or entity that expressly assumes all of the obligation of Covenantor hereunder with respect to the Sender Site or Sites transferred. A "Permitted Transferee" is any person or entity that agrees in writing to assume all of the obligations of Covenantor hereunder with respect to the property transferred.

4. Assignment of Right to Designate Receiver Site. In accordance with Palo Alto Municipal Code Chapter 18.18.080, the transfer of 9,188 square feet of development rights

from the Historic Site to an eligible receiver site may be made. In a separate transaction, City will assign the purchaser of the transfer of development rights the right to designate a receiver site for any transferable development rights from the Historic Resource Site. The sale of Transfer of Development Rights are made pursuant to Chapter 18.18.080 and 18.28.060 of the Palo Alto Municipal Code and are subject to the limitations and possible termination of the transfer of development rights program in the future.

5. Enforcement and Legal Expenses. City shall have the right to pursue any remedy at law or equity to secure Covenantor's compliance with the agreement, covenant and restrictions in this Declaration. If any legal action or proceeding is brought by City because of any default of Covenantor or to enforce a provision of this Declaration, the prevailing party shall be entitled, in addition to any other relief, to recover reasonable attorneys' fees and court costs from the losing party as determined by the court in which said action or proceeding is pending. The failure to enforce any of the agreements, covenants and restrictions set forth herein shall not be deemed to be a waiver of the right to do so thereafter.

CERTIFICATION OF TRANSFER OF DEVELOPMENT RIGHTS

a. The City's Director of Planning certifies that the Historic Sender Site is an eligible Historic Sender site for 9,188 square feet of development rights for historic rehabilitation. The Transfer Development Rights for the Avenidas Building cannot be used as an exemption to offset the parking requirements of the City of Palo Alto for additional square footage for new or existing developments.

b. This Certification shall be recorded in the office of the Recorder of the County of Santa Clara.

c. The Covenantor certifies that the lease referred to in Recital B shall be subject to the historic covenants herein.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

CITY OF PALO ALTO

AVENIDAS

City Manager

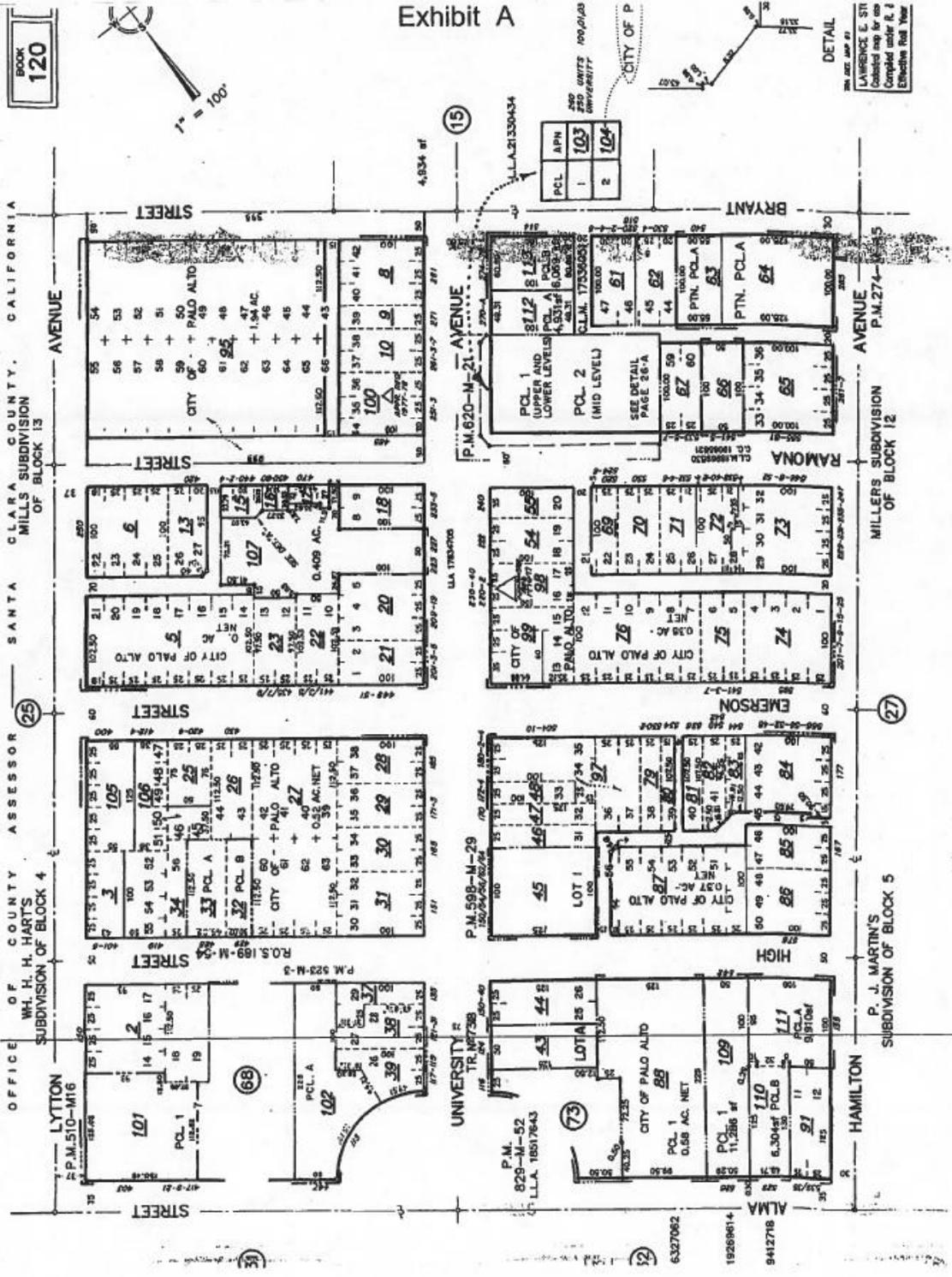
Executive Director

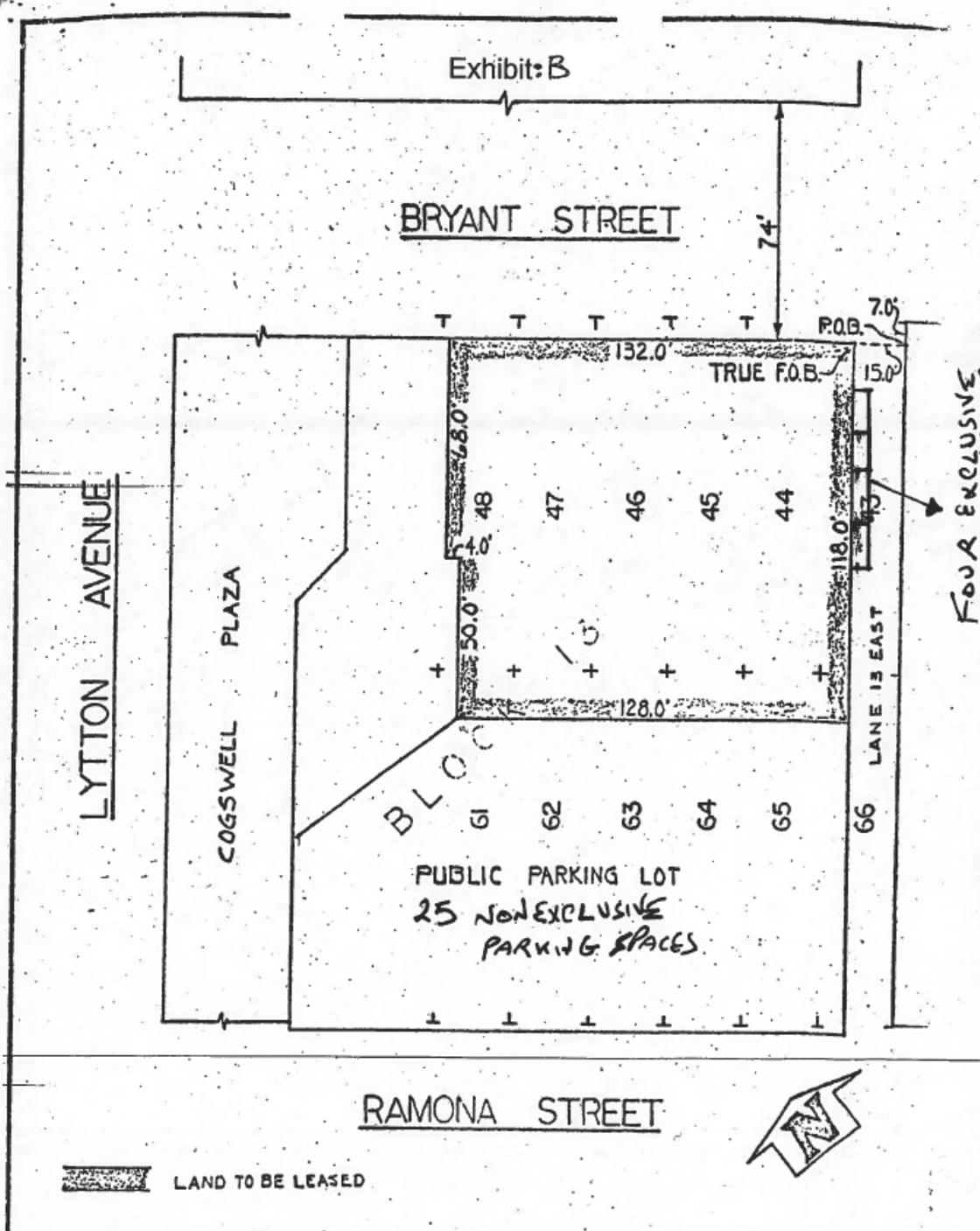
Director of Planning and
Community Environment

APPROVED AS TO FORM:

City Attorney

Exhibit A





FIELD BOOK	DATE	LEASE DIAGRAM	APPROVED: <i>[Signature]</i> 1973	SCALE: 1" = 40'
PAGE		CITY OWNED LAND	<i>[Signature]</i>	DWG. NO.