

RESOLUTION NO. 2005-206

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE PURCHASE
AND SALE AGREEMENTS FOR THE ACQUISITION OF VINEYARD
AGRICULTURAL LANDS FOR CONVERSION TO SWAINSON'S HAWK HABITAT
AND TO ENTER INTO AN AGRICULTURAL LEASE WITH SELLER**

WHEREAS, the City of Elk Grove desires to purchase 743 acre site, identified as the Real Property located at Franklin Boulevard and Lambert Road, which comprises two parcels of land identified as APN: 146-0040-039 in the amount of 412 acres and 146-0040-040 in the amount of 331 acres, located within the County of Sacramento, State of California; and

WHEREAS, The City of Elk Grove desires to enter into two Agricultural Leases with Delta Breeze Partners for the land described as APN: 146-0040-039 and 146-0040-040 for the 743 acre site for a period not to exceed two years; and

WHEREAS, the City of Elk Grove proposes the use of the 743 acres of land for conversion to Swainson's Hawk Habitat by actively managing the property as farmland; and

WHEREAS, the proposed activity is allowed in the Ag 80 – Permanent Agricultural land use designation as described in the County of Sacramento General Plan; and

WHEREAS, California Environmental Quality Act Guidelines Class 25 exemption applies to the acquisition of property to preserve wildlife habitat; and

WHEREAS, no adverse environmental effects were identified during staff review of the proposed acquisition; and

WHEREAS, No special circumstances exist that create a reasonable possibility that the activity may have a significant adverse impact on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby find:

The project qualifies for Categorical exemption in accordance with CEQA Guidelines Section 15325, Class 25.

BE IT FURTHER RESOLVED:

The City Manager or his designee is hereby authorized to execute the following documents, in a form acceptable to the City Manager and City Attorney, with business points as set forth in each of the attached:

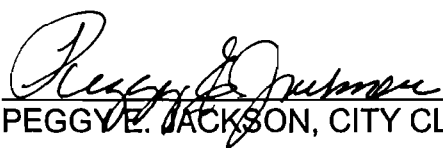
- Purchase and Sale Agreement and Joint Escrow Instructions (APN: 146-0040-040) by and between Delta Breeze Partners, LLC, a California limited liability company, (Seller) and the City of Elk Grove, a municipal corporation (Purchaser) a copy of which is attached and incorporated into this resolution.
- Purchase and Sale Agreement and Joint Escrow Instructions (APN: 146-0040-039) by and between Premiere Partners III Limited Partnership, an Illinois limited partnership doing business as Premiere Farmland Partners III Limited Partnership, (Seller) and the City of Elk Grove, a municipal corporation (Purchaser) a copy of which is attached and incorporated into this resolution.
- Agricultural Lease (APN: 146-0040-040) by and between Delta Breeze Partners, LLC, a California limited liability company (Lessee) and the City of Elk Grove, a municipal corporation (Lessor) a copy of which is attached and incorporated into this resolution.
- Agricultural Lease (APN: 146-0040-039) by and between Delta Breeze Partners, LLC, a California limited liability company (Lessee) and the City of Elk Grove, a municipal corporation (Lessor) a copy of which is attached and incorporated into this resolution.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 13th day of July 2005.



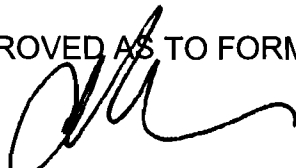
DANIEL BRIGGS, MAYOR of the
CITY OF ELK GROVE

ATTEST:



PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:



ANTHONY B. MANZANETTI,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2005-206

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 13th day of July, 2005 by the following vote:

AYES 4: COUNCILMEMBERS: Scherman, Soares, Briggs, Leary,

NOES 0: COUNCILMEMBERS:

ABSTAIN 0: COUNCILMEMBERS:

ABSENT 1: COUNCILMEMBERS: Cooper





Peggy E. Jackson, City Clerk
City of Elk Grove, California

**AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS**

This Agreement of Purchase and Sale and Joint Escrow Instructions ("**Agreement**") dated as of July 2005, by and between **Delta Breeze Partners, LLC**, a California limited liability company ("**Seller**"), and the **City of Elk Grove**, a municipal corporation ("**Purchaser**").

RECITALS

A. Seller is the owner of that certain real property ("**Real Property**") located near the City of Elk Grove in the County of Sacramento ("**County**"), State of California, consisting of approximately 331 acres of land (Assessors Parcel Number 146-0040-040) legally described on Exhibit A, attached hereto and made a part hereof, together with all of Seller's rights, privileges, and any easements appurtenant to the Real Property including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Real Property, as well as all development rights, air rights, water, water rights, and water stock relating to the Real Property, any rights to any land lying in the bed of any existing dedicated street, road, or alleys adjoining the Real Property and to all strips and gores adjoining the Real Property, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Real Property (all of which are collectively referred to as the "**Appurtenances**"), and all improvements and fixtures located on the Real Property (all of which are collectively referred to as the "**Improvements**"). The Real Property, Appurtenances and Improvements are hereinafter collectively referred to as the "**Property**." Provided, however, Seller's 2005 grape crop is hereby excluded from the definition of the Property and Purchaser shall have no interest therein.

B. Purchaser intends to convert the Property to Swainson's Hawk foraging habitat and intends to engage The Nature Conservancy to conduct the conversion and manage the Property for that purpose and other purposes not inconsistent therewith.

C. Purchaser intends to purchase the Property from Seller and Seller intends to sell the Property to Purchaser on the terms and conditions set forth in this Agreement.

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

AGREEMENT

1. Purchase and Sale. Seller agrees to sell the Property to Purchaser and Purchaser agrees to purchase the Property from Seller on the terms and conditions set forth in this Agreement.

2. Effective Date. The date the last party executes this Agreement shall be the "**Effective Date**."

3. Purchase Price.

3.1 The purchase price for the Property shall be calculated as follows:

3.1.1 The purchase price shall be Twenty Thousand Five Hundred and no/100 Dollars (\$20,500) per acre, adjusted as set forth herein (the “**Purchase Price**”). Assuming the total acreage of the Property is 331 acres, the Purchase Price would be \$6,785,500.00. For the purposes of calculating the Purchase Price only, the area of the Property lying beneath any public roads shall not be included in the calculation of the total acreage of the Property.

3.2 Prior to the expiration of the Inspection period as defined in Section 4.1.4, Purchaser, at its sole cost and expense, shall have a licensed land surveyor prepare a boundary survey of the Real Property, and shall deliver a copy thereof to Seller. If the acreage of the Real Property is either less than or greater than 331 acres, rounded to the nearest 1/16th of an acre, the total Purchase Price relating to the Property shall be appropriately adjusted for any increase or decrease in the actual acreage, and shall be confirmed in writing by the parties within 10 days after receipt of the Survey by Seller.

3.3 On or before the Close of Escrow (defined in Section 9), Purchaser shall deposit into Escrow (defined in Section 9) the Purchase Price in cash or immediately available funds.

3.4 Deposit. Within five (5) business days after the Effective Date of this Agreement, Purchaser shall deposit with Escrow Holder (as hereafter defined and designated pursuant to Section 4.1.1 hereof) either (i) cash in the amount of Two Hundred Thousand and no /100 dollars (\$200,000.00) or (ii) an irrevocable commercial letter of credit in the amount of Two Hundred Thousand and no /100 dollars (\$200,000.00) with an expiration date no earlier than the Close of Escrow (as defined in Section 9 (the “Deposit”). The Deposit shall be held, paid and applied by the Escrow Holder as set forth in this Agreement.

3.4.1. Letter of Credit. In the event Purchaser elects to deposit with Escrow Holder a letter of credit, any such letter of credit shall (1) be issued in favor of Seller by a commercial bank or savings and loan institution selected by Purchaser and reasonably acceptable to Seller, and (2) provide that it may be drawn upon by presentation of the letter of credit and the certification described in Section 3.4.3 hereof, and (3) shall be in a form reasonably acceptable to Seller.

3.4.2. Cash. In the event Purchaser elects to deposit with the Escrow Holder cash, Escrow Holder shall invest such cash in such obligations or accounts as Purchaser may from time to time direct. Any and all interest or income earned on such investments shall inure to the benefit of Purchaser and shall be paid to Purchaser as received by or available to Escrow Holder.

3.4.3. Release by Escrow Holder. The Deposit shall be released by Escrow Agent to Seller only upon presentation of a written certification, executed by Seller, stating that a default by Purchaser has occurred under this Agreement, that Seller has given Purchaser notice of such default and a period of five (5) business days from receipt of such notice to cure such default in the event of a monetary default and fifteen (15) business days from receipt of such notice to cure such default in the event of a non-monetary default, and that as a result of Purchaser’s failure to cure such default, Seller is entitled to the Deposit under this Agreement. The Deposit shall (1) be returned to Purchaser at Closing hereunder, (2) at Purchaser’s option, be applied to the Purchase Price, or (3) be returned to Purchaser prior to

Closing in the event this Agreement terminates in accordance with its terms for reasons not due to the fault of Purchaser.

4. Conditions Precedent.

4.1 Conditions Precedent to Closing. Purchaser's obligation to purchase the Property from Seller is subject to the following conditions precedent ("**Conditions Precedent**"), which are for Purchaser's benefit only:

4.1.1 Title. Within ten (10) business days after the Effective Date, Seller shall provide Purchaser at Seller's expense, an update to the preliminary report ("**Preliminary Report**") for the Property issued by Fidelity National Title Company, 8801 Folsom Boulevard, Suite 210, Sacramento, California 95826 ("**Escrow Holder**"), together with legible copies of all exceptions and the documents supporting the exceptions ("**Exceptions**") in the Preliminary Report (the Preliminary Report, together with the Exceptions, shall be collectively referred to as the "**Title Documents**"). Within twenty (20) calendar days after the Effective Date, Purchaser shall review the Title Documents and shall approve or disapprove, in its sole discretion, the Title Documents by delivering written notice to Seller and Escrow Holder. Purchaser's failure to give Seller and Escrow Holder written notice of Purchaser's approval or disapproval within the specified time period shall be deemed to be Purchaser's approval of the Title Documents. If Purchaser notifies Seller of Purchaser's disapproval of the Title Documents, Seller shall have five (5) business days after receipt of Purchaser's notice to give Purchaser written notice ("**Seller's Title Notice**") of those disapproved title matters, if any, which Seller is unwilling or unable after reasonable and good faith efforts to have eliminated from title to the Property by the Close of Escrow. Notwithstanding the foregoing, Seller agrees to remove on the Close of Escrow any deeds of trust whereby Seller is the trustor or borrower which are currently recorded against the Property. If Seller is unable or unwilling to remove all of the title matters objected to by Purchaser, Purchaser shall have five (5) business days from receipt of Seller's Title Notice to notify Seller in writing that either (1) Purchaser is willing to purchase the Property, subject to such disapproved exceptions, or (2) Purchaser elects to terminate this transaction ("**Purchaser's Notice**"). If Seller fails to deliver Seller's Title Notice, Purchaser shall deliver Purchaser's Notice within five (5) business days after Purchaser's delivery of Purchaser's disapproval. Failure of Purchaser to take either one of the actions described in clause (1) or (2) in the previous sentence shall be deemed to be Purchaser's election to take the action described in clause (1). If this Agreement is terminated pursuant to this Section 4.1.1, then the Deposit shall be returned to Purchaser, and, neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

4.1.2 Title Policies. On or before expiration of the Inspection Period (as defined below), Purchaser shall have received evidence, as part of Purchaser's due diligence investigation of the Property, that Escrow Holder's title insurer ("**Title Company**") is ready, willing, and able to issue, upon payment of Title Company's regularly scheduled premium, a California Land Title Association ("**CLTA**") standard owner's policy of title insurance ("**Owner's Policy**") in the face amount of the Purchase Price with the endorsements Purchaser may require ("**Endorsements**"), showing title to the Property vested in Purchaser subject only to the approved Exceptions.

4.1.3 Property Documents. Within ten (10) days after the Effective Date, Seller shall provide Purchaser access to the following documents that are in its possession or under its control: relevant studies, documents, land surveys, soils reports, licenses,

maintenance contracts, utility contracts, management contracts, service contracts, warranties, and other documents and/or contracts pertaining to the Property, together with any amendments or modifications; any and all information that Seller has regarding environmental matters affecting the Property and regarding the condition of the Property, including, but not limited to, Phase I and/or Phase II Environmental Assessments, wetlands, structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on, or about the Property; copies of leases and relative correspondence; and any and all other documents and matters relative to the Property (collectively, Property Documents). Access to the Property Documents shall be provided at Vino Farms, Inc., 1377 E. Lodi Avenue, Lodi, California, and shall be made available to Purchaser during Regular Business Hours during the Inspection Period. Purchaser may make copies of any and all Property Documents reviewed. As used herein, Regular Business Hours shall mean 8:00 a.m. to 5:00 p.m., Monday through Friday. Seller makes no express or implied representations or warranties regarding the truthfulness, accuracy, or completeness of the Property Documents; provided, however, if Seller is aware of any inaccuracies or incompleteness of the Property Documents, Seller shall upon delivery of the Property Documents to Purchaser or upon discovery of inaccuracies or incompleteness inform Purchaser of such inaccuracies or incompleteness.

Prior to the expiration of the Inspection Period (defined in Section 4.1.4) Purchaser shall approve or disapprove the Property Documents. On or before the Close of Escrow, Seller shall assign to Purchaser (without any representation or warranty, express or implied) all of Seller's rights and remedies under the Property Documents, to the extent assignable, pursuant to an assignment of contracts ("**Assignment of Contracts**") in substantially the form attached hereto and incorporated herein as Exhibit B. Prior to the Close of Escrow, Seller shall terminate the Property Documents that Purchaser specifies in writing to Seller of those Property Documents that Purchaser does not want to assume after the Close of Escrow, by delivering notices to the other parties under the Property Documents in sufficient time to terminate the Property Documents prior to the Close of Escrow. If Purchaser fails to provide the written notice required hereunder, then Seller shall terminate all of the Property Documents as of the Close of Escrow and there shall be no requirement to deliver the Assignment of Contracts at the Close of Escrow.

4.1.4 Physical Inspection. For a period of sixty (60) days after the Effective Date ("**Inspection Period**") upon not less than one (1) business day's advance written notice from Purchaser to Seller, Seller shall provide Purchaser and Purchaser's agents and representatives with access to the Property to make such reasonable non-destructive inspections, tests, copies, verifications, assessments, surveys and studies ("**Inspections**") as Purchaser considers reasonably necessary or desirable under the circumstances regarding the Property and its condition. Inspections may include, without limitation, inspections regarding zoning, building codes and other governmental regulations; imposition of governmental obligations and assessments; architectural inspections; engineering tests; economic feasibility and marketing studies; availability of sewer, water, storm drain and other utilities; availability of roads, access and services; soils, seismic, engineering and geologic reports; environmental assessments (including, but not limited to, soil borings during a Phase II environmental assessment), studies, tests and reports; structural and mechanical systems inspections; and availability of permits, land use entitlements, development rights and approvals and other governmental approvals. All Inspections shall be made at Purchaser's sole cost and expense and shall not unreasonably interfere with Seller's operations at the Property. Purchaser shall repair any damage to the

Property caused by any Inspections. Prior to the expiration of the Inspection Period, Purchaser shall provide Seller with written notice of Purchaser's disapproval of the Property, in Purchaser's sole discretion. Purchaser's failure to provide Seller with written notice of Purchaser's disapproval shall be deemed to be an approval of the Property. In the event Purchaser, in its sole discretion, disapproves the Property for any reason, Purchaser or Seller may terminate this Agreement by written notice to the other. If this Agreement is terminated pursuant to this Section 4.1.4, then the Deposit shall be returned to Purchaser, and, neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

Purchaser shall indemnify, defend and hold Seller and the Property harmless from any and all claims, damages or liabilities arising out of or resulting from the entry onto or activities upon the Property by Purchaser or Purchaser's representatives or liens arising from Purchaser's due diligence review of the Property. Prior to performing any inspections, and prior to any entrance onto the Property by Purchaser or its agents or contractors, Purchaser shall furnish to Seller evidence that Purchaser maintains, and Seller has been named an additional insured on commercial general liability insurance with limits of not less than \$1,000,000 per occurrence, covering Purchaser's indemnification obligations under this section with respect to damage to the Property and injury to persons or property. Purchaser shall keep such insurance in full force and effect until the Close of Escrow or the earlier termination of this Agreement.

4.1.5 Seller's Obligations. The performance by Seller of every covenant, condition, agreement, and promise to be performed by Seller pursuant to this Agreement and the related documents executed or to be executed by Seller.

4.1.6 Condemnation or Casualty. On the date of Close of Escrow, the Property shall not have been damaged or destroyed in any material respect and no condemnation or eminent domain action or proceeding shall be pending or threatened against the Property.

4.1.7 Seller's Representations. The truth and accuracy, in all material respects, of all Seller's representations and warranties in this Agreement and the related documents executed or to be executed by Seller.

4.1.8 Loan Contingency. On or before the expiration date of the Inspection Period, Purchaser shall have received from a reputable, financially stable lender satisfactory to Purchaser, in Purchaser's sole discretion, ("Lender") a commitment ("Loan Commitment") to lend Purchaser the amount of \$5,089,125.00 bearing interest at a rate not to exceed 3% per year, which rate shall be fixed for a term not to exceed 10 years and otherwise on terms and conditions satisfactory to Purchaser or Purchaser's sole discretion (the "Loan"). If Purchaser shall not have obtained the Loan Commitment within the timeframe set forth above, despite using commercially reasonable efforts, Purchaser may terminate this Agreement. If this Agreement is terminated pursuant to this Section 4.1.8, then the Deposit shall be returned to Purchaser, and, neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

4.1.9 Lease Back. From and after the Close of Escrow, Seller shall lease back the Property and the adjacent parcel of land to be acquired from Premiere Partners III Limited Partnership (APN 146-0040-039), upon the terms and conditions set forth in the Agricultural Lease agreements attached hereto as Exhibit D-1 and D-2 respectively (collectively

the "Agricultural Leases"). The Agricultural Leases shall be executed by Seller and Purchaser on or before the Close of Escrow.

4.2 Seller's Conditions Precedent to Closing. Seller's obligation to sell the Property to Purchaser is subject to the following conditions precedent, which are for Seller's benefit only:

4.2.1 Purchase Price. Purchaser's deposit of the Purchase Price, subject to adjustment is provided herein, into Escrow on or before the Close of Escrow.

4.2.2 Purchaser's Representations. The truth and accuracy, in all material respects, of all Purchaser's representations and warranties in this Agreement and the related documents executed or to be executed by Purchaser.

4.2.3 Purchaser's Deposits. Purchaser's deposit of each of the Agricultural Leases, executed by Purchaser.

4.2.4 Purchaser's Obligations. The performance by Purchaser of every covenant, condition, agreement, and promise to be performed by Purchaser pursuant to this Agreement and the related documents executed or to be executed by Purchaser.

4.3 Failure of Conditions Precedent. In the event any of the Conditions Precedent have not been fulfilled within the applicable time periods or if Purchaser disapproves, matters for which Purchaser's approval is required, the party benefited by the condition may, within five (5) business days either: (i) waive the condition or disapproval and close Escrow in accordance with this Agreement, or (ii) terminate this Agreement by written notice to the other party.

5. Seller's Representations and Warranties. Seller represents and warrants to Purchaser and The Nature Conservancy the following representations and warranties. For the purpose of this Agreement, without creating any personal liability on behalf of such individual, usage of "to the best of Seller's knowledge," or words to such effect, shall mean the actual, personal knowledge of Mark Couchman, without investigation or inquiry, existing as of the Effective Date and as of the date of the Close of Escrow.

5.1 To the best of Seller's knowledge (i) it has the full power and authority to enter into this Agreement and to perform this Agreement; (ii) it is not the subject of any bankruptcy or insolvency proceedings; and (iii) this Agreement is a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws from time to time in effect which affect the rights of creditors generally or by limitations upon the availability of equitable remedies.

5.2 To the best of Seller's knowledge, Seller is not a "foreign person" as defined in the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder.

5.3 To the best of Seller's knowledge, except for the rights of Purchaser under this Agreement, Seller has not granted any options or rights of first refusal to purchase the Property to any person or entity, and conveyance of the rights described herein will not constitute

a breach or default under any agreement to which Seller is bound and/or to which the Property is subject.

5.4 To the best of Seller's knowledge, there is no suit, action, arbitration, legal, administrative or other proceeding or inquiry pending or threatened against the Property, or any portion thereof, or pending or threatened against Seller which could (i) affect Seller's title to the Property, or any portion thereof, (ii) affect the value of the Property, or any portion thereof, or (iii) subject an owner of the Property, or any portion thereof, to liability.

5.5 To the best of Seller's knowledge, there are no uncured notices which have been served upon Seller from any governmental agency notifying Seller of any violations of law, ordinance, rule or regulation which would affect the Property or any portion thereof.

5.6 To the best of Seller's knowledge, Seller has not received written notice that the Property is in violation of any federal, State, or local law, ordinance, regulation, order, decree or judgment.

5.7 To the best of Seller's knowledge, Seller has not received written notice that the Property or any part thereof is not in full compliance with all applicable building, zoning, environmental, and similar laws, statutes, rules, regulations and ordinances and all covenants, conditions and restrictions applicable to the Property.

5.8 To the best of Seller's knowledge, Seller has not received any written notice of any uncured violation of hazardous substance laws on or with respect to the Property.

6. Purchaser's Representations and Warranties. Purchaser represents and warrants to the best of Purchaser's knowledge that as of the Effective Date and as of the Close of Escrow:

6.1 Purchaser's Authority. Purchaser has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement and no other action by Purchaser is requisite to the valid and binding execution, delivery and performance of this Agreement. The person executing this agreement on behalf of Purchaser has the legal right, power and authority to bind purchaser to the terms hereof.

6.2 Enforceability. This Agreement and all documents required hereby to be executed by Purchaser are and shall be valid, legally binding obligations of and enforceable against Purchaser in accordance with their terms.

6.3 Conflicting Documents. Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the occurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Purchaser is a party.

7. Indemnification.

7.1 For a period of two years after the Close of Escrow, Seller shall indemnify, protect, defend and hold harmless Purchaser (and Purchaser's officials, representatives, agents and employees) and The Nature Conservancy against and in respect of any and all claims, demands, damages, liabilities, losses, judgments, assessments, costs and

expenses (including reasonable fees and expenses for legal representation (attorneys, paralegals, consultants, etc.), experts' fees and costs and all court costs) arising out of the following:

7.1.1 By reason of Seller or Seller's agents, employees, or representatives negligence or intentional acts relating to the Property that occurred before the Close of Escrow; or

7.1.2 Based upon or related to a breach of any representation, warranty, or covenant made by Seller in this Agreement.

Seller acknowledges and agrees that The Nature Conservancy is an intended third party beneficiary of Seller's representations and warranties to Purchaser.

8. Seller's Covenants. Seller agrees as follows:

8.1 Payment of All Obligations. Seller shall have discharged all mechanics' and materialmen's liens arising from labor and materials furnished prior to the Close of Escrow. Seller will discharge, as due, all of Seller's obligations and liabilities under the Property Documents arising prior to the Close of Escrow.

8.2 Tenant Leases. Seller shall not enter into any tenant lease between Effective Date of this Agreement and the Close of Escrow without Purchaser's prior written approval.

8.3 Litigation. Seller shall immediately notify Purchaser of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, known to Seller which might affect the Property or any interest of Purchaser.

9. Escrow. Purchaser shall provide Escrow Holder with a copy of this Agreement, fully executed within three (3) days after the Effective Date ("**Escrow**"). This Agreement shall, to the extent possible, act as escrow instructions. The parties agree to execute all further escrow instructions required by Escrow Holder, which further instructions shall be consistent with this Agreement, and shall provide that as between the parties, the terms of this Agreement shall prevail if there is any inconsistency. "**Close of Escrow**" is defined to be date of the recordation of a Grant Deed from Seller to Purchaser for the Property. The Close of Escrow shall occur on or before **September 22, 2005**, or such other date as the parties hereto shall mutually agree in writing.

10. Closing. On or before Close of Escrow, Seller and Purchaser shall deposit with Escrow Holder the following documents and funds and shall close Escrow as follows:

10.1 Seller's Deposits. Seller shall deposit with Escrow Holder the following:

10.1.1 Deed. The original executed and acknowledged Grant Deed conveying the Property to Purchaser ("**Grant Deed**") in the form attached hereto as Exhibit C;

10.1.2 Non-Foreign Affidavit. An original Nonforeign Affidavit executed by Seller;

10.1.3 Agricultural Leases. Both Agricultural Leases in the same form as that attached hereto as Exhibit D, duly executed by Seller; and

10.1.4 Additional Documents. Any other documents or funds required by Escrow Holder from Seller to close Escrow in accordance with this Agreement.

10.2 Purchaser's Deposits. On or before the Close of Escrow, Purchaser shall deposit with Escrow Holder the following:

10.2.1 Purchase Price. The Purchase Price in cash or immediately available funds;

10.2.2 Closing Costs. Additional cash in the amount necessary to pay Purchaser's share of closing costs, as set forth in Section 11.2;

10.2.3 Agricultural Leases. Both Agricultural Leases in the same form as that attached hereto as Exhibit D, duly executed by Seller; and

10.2.4 Additional Documents. Any other documents or funds required of Purchaser to close Escrow in accordance with this Agreement.

11. Closing Costs.

11.1 Seller's Costs. Seller shall pay the title insurance premium for the CLTA Owner's Policy in the amount of the Purchase Price; one-half (1/2) of Title Company's escrow fees and closing costs; the County real property transfer taxes and documentary transfer taxes payable upon recordation of the Deed; and any sales, use, and ad valorem taxes connected with the Close of Escrow.

11.2 Purchaser's Costs. Purchaser shall pay one-half (1/2) of Title Company's Escrow fees and closing costs and the cost for any title Endorsement Purchaser may require.

11.3 Miscellaneous Costs. All other charges and credits with respect to the Property, shall be prorated to the Close of Escrow on the basis of a thirty (30) day month. Seller shall pay all ad valorem real property taxes up to the date of the Close of Escrow.

11.4 Utility Charges. Seller will cause all utility and water meters to be read on the Close of Escrow and will be responsible for the cost of all utilities and water used prior to that time.

12. Right to Assign. Except as otherwise provided in this Agreement, the parties shall not have the right, power, or authority to assign this Agreement or any portion of this Agreement or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntarily or by operation of law, except as provided in this section without the other party's prior written approval, which shall not be unreasonably withheld or delayed.

13. Successors and Assigns. All of the rights, benefits, duties, liabilities, and obligations of the parties shall inure to the benefit of, and be binding upon, their respective successors and assigns.

14. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this section, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (b) upon receipt when sent by facsimile to the number set forth below (provided that, notices given by facsimile shall not be effective unless the receiving party delivers the notice also by one other method permitted under this section); (c) upon the day of delivery if the notice has been deposited in a authorized

receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (d) upon actual delivery if deposited with either Golden State Overnight, FedEx or United Parcel Service to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Seller: Delta Breeze Partners, LLC
c/o Silverado Premiere Properties
855 Bordeaux Way, Suite 100
Napa, CA 94558
ATTN: Mark E. Couchman
Telephone: 707-253-1776
Facsimile: 707-253-0135

With a copy to: John G. Mackie, Esq.
Carle, Mackie, Power & Ross, LLP
100 B Street, Suite 400
Santa Rosa, CA 95401

If to Purchaser: City of Elk Grove
Development Services
8400 Laguna Palms Way
Elk Grove, CA 95758
ATTN: Real Property Manager
Telephone: 916-478-3617
Facsimile: 916-691-6411

With a copy to: Kronick, Moskovitz, Tiedemann & Girard
400 Capitol Mall, 27th Floor
Sacramento, CA 95814
ATTN: Matthew R. Berrien
Telephone: 916-321-4500
Facsimile: 916-321-4555

Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Section. If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Section by delivering to the other party written notice in the manner set forth above.

15. Possession. The right to possession of the Property shall transfer to Purchaser at the Close of Escrow.

16. Attorney Fees; Litigation Costs. If any legal action or other proceeding, including arbitration or an action for declaratory relief, is brought to enforce this Agreement or because of a dispute, breach, default, or misrepresentation in connection with this Agreement, the prevailing

party shall be entitled to recover reasonable attorney fees and other costs, in addition to any other proper relief. Prevailing party includes (a) a party who dismisses an action in exchange for sums allegedly due; (b) the party that receives performance from the other party of an alleged breach of covenant or a desired remedy, if it is substantially equal to the relief sought in an action; or (c) the party determined to be prevailing by a court of law.

17. Destruction. In the event of any damage or other loss to the Property prior to the Close of Escrow that affects Purchaser's intended use of the Property or the value of the Property, excluding any such damage or loss caused by Purchaser, Purchaser may, without liability, terminate this Agreement. If Purchaser elects not to terminate this Agreement, the Purchase Price shall be adjusted to reflect any reduction in value resulting from the damage or loss to the Property.

18. Time of the Essence. Time is of the essence in this Agreement and every provision contained in this Agreement.

19. Construction. The title and headings of the sections in this Agreement are intended solely for reference and do not modify, explain, or construe any provision of this Agreement. All references to sections, recitals, and the preamble shall, unless otherwise stated, refer to the sections, recitals, and preamble of this Agreement. 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 the Agreement.

20. Integration. This Agreement, all attached exhibits, and all related documents referred to in this Agreement, constitute the entire agreement between the parties. There are no oral or parol agreements which are not expressly set forth in this Agreement and the related documents being executed in connection with this Agreement. This Agreement may not be modified, amended, or otherwise changed except by a writing executed by the party to be charged.

21. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies.

22. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or provision illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

23. Waivers. No waiver or breach of any provision shall be deemed a waiver of any other provision, and no waiver shall be valid unless it is in writing and executed by the waiving party. No extension of time for performance of any obligation or act shall be deemed an extension of time for any other obligation or act.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. The execution of this Agreement shall be deemed to have occurred, and this Agreement shall be enforceable and effective, only upon the complete execution of this Agreement by Seller and Purchaser.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SELLER:

Delta Breeze Partners, LLC,
a California limited liability company

By: **Silverado Winegrowers, LLC,** a
California limited liability company,
Member

By: **CVF Advisors, LLC,** a California
limited liability company, Managing
Member

By
Mark E. Couchman, Manager

PURCHASER:

City of Elk Grove, a municipal corporation

By:

Its:

RECOMMENDED FOR APPROVAL:

By:
Real Property Manager

Date:

APPROVED AS TO FORM:

By:
Anthony Manzanetti, City Attorney

Date:

ATTEST:

By
City Clerk

Date:

25. Survival. For a period of two years from the date of the Close of Escrow, all of Purchaser's and Seller's warranties, indemnities, representations, covenants, obligations, undertakings and agreements contained in this Agreement shall survive the Close of Escrow of the Property, and the execution and delivery of this Agreement and of any and all documents or instruments delivered in connection herewith; and no warranty, indemnity, covenant, obligation, undertaking or agreement herein shall be deemed to merge with the Grant Deed for the Property.

26. Incorporation of Exhibits. All attached exhibits are incorporated in this Agreement by reference.

27. Brokers. Purchaser warrants to Seller that it is not represented by a real estate broker and that no person or entity can properly claim a right to a commission, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement. Seller warrants to Purchaser that no person or entity can properly claim a right to a commission, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement. If any other broker or finder makes any claim for a commission or finder's fee, the party through which the broker or finder makes such claim shall indemnify, defend and hold the other party harmless from all liabilities, expenses, losses, damages or claims (including the indemnified party's reasonable attorneys' fees) arising out of such broker's or finder's claims.

28. Governing Law. This Agreement shall be governed by and construed in accordance with California law.

29. Days of Week. A "business day," as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.

EXHIBIT A

Legal Description

All that portion of Sections 4 and 5, Township 5 North, Range S East, M.D.B.& M., described as follows:

Beginning at the intersection of the Easterly line of California Interstate 5, as described in the "Final Order of Condemnation to the State of California", recorded May 23, 1978, in Book 780523, Page 956, Official Records of the County of Sacramento, with the South line of said Section 5; thence, from said point of beginning, along said South line, North 89°11'52" East 1,420.27 feet and North 89°13'00" East 2,642.00 feet to the Southeast corner of said Section 5, also being the Southwest corner of said Section 4; thence, along the South line of said Section 4, North 89°12'52" East 1,363.58 feet to its intersection with the Westerly line of the Lower Stockton Road, also known as Franklin Boulevard; thence, along said Westerly line, North 05°38'15" West 2,599.45 feet to its intersection with the centerline of an existing dirt road; thence, along said centerline, the following five (5) courses: 1) South 89°44'24" West 2,631.95 feet, 2) North 83°18'31" West 138.78 feet, 3) South 89°47'23" West 975.74 feet, 4) South 81°41'39" West 141.48 feet, and 5) South 89°04'20" West 1,727.85 feet to its intersection with said Easterly line of California Interstate 5; thence, along said Easterly line, South 09°37'81" East 2,65 108 feet to the point of beginning.

Shown as "Proposed Parcel 2" in that certain Lot Line Adjustment Resolution No. 97-BLS-0001 recorded March 28, 1997, in Book 19970328, Page 624, of Official Records.

EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances in or on the realty herein described, together with the right to produce, develop, explore for and extract said substances, but without the right of surface entry on the surface of said land or within 500 feet from the surface thereof, as reserved by Alfred Kuhn and Betty Kuhn, his wife, in the deed recorded October 2, 1978, in Book 781002, Page 24, of Official Records.

ALSO EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances below a depth of 500 feet from the surface thereof, but without the right of surface entry thereto, as described in those deeds recorded in Book 891031, Page 4147, and Book 891031, Page 4151, by and between Caroline G. Gwerder and Alice G. Lenz and Goodwin-Gwerder Co.

EXHIBIT B

Assignment of Contracts

THIS ASSIGNMENT OF CONTRACTS (“**Assignment**”) is dated as of _____, 20__, and is entered into by and between **Delta Breeze Partners LLC**, a California limited liability company (“**Assignor**”), and the **City of Elk Grove**, a California municipal corporation (“**Assignee**”), with reference to the following facts:

RECITALS

A. Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions (“**Agreement**”) dated _____, 20__, providing for the purchase by Assignee from Assignor of certain real property (the “**Property**”) described in the Agreement.

B. Assignor has entered into, or is otherwise bound by, certain contracts (“**Contracts**”) in connection with the Property which Assignor has agreed to assign to Assignee upon Assignee's purchase of the Property. A list of the Contracts is attached hereto as Schedule 1.

C. This Assignment is executed to effectuate the transfer to Assignee of all of Assignor's rights, title and interest in and to the Contracts pursuant to the provisions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignment and Acceptance.

(a) Assignor hereby remises, releases and assigns to Assignee, all of Assignor's right, title and interest in and to the Contracts.

(b) Assignee hereby accepts the foregoing assignment and agrees to keep, perform and fulfill all of the terms, covenants, conditions, duties and obligations which are required to be kept, performed and fulfilled by the Assignor under the Contracts.

2. Indemnification by Assignee. Assignee shall indemnify, defend and hold Assignor harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including, without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Contracts subsequent to the date of this Assignment.

3. Indemnification by Assignor. Assignor shall indemnify, defend and hold Assignee harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including, without limitation,

attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Contracts prior to the date of this Assignment.

4. Covenants of Further Assurances. Assignor and Assignee each agree to execute such other documents and perform such other acts as may be necessary or desirable to effectuate this Assignment.

5. Attorneys' Fees. In the event of any action or suit by either party hereto against the other arising from or interpreting this Agreement, the prevailing party in such action or suit shall, in addition to such other relief as may be granted, be entitled to recover its costs of suit and actual attorneys' fees.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

Delta Breeze Partners, LLC,
a California limited liability company

By: **Silverado Winegrowers, LLC,** a
California limited liability company,
Member

By: **CVF Advisors, LLC,** a California
limited liability company, Managing
Member

By: _____
Mark E. Couchman, Manager

ASSIGNEE:

City of Elk Grove, a municipal corporation

By: _____
Its: _____

RECOMMENDED FOR APPROVAL:

By: _____
Real Property Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Anthony Manzanetti, City Attorney

Date: _____

ATTEST:

By: _____
City Clerk

Date: _____

CO COPY

EXHIBIT C

Grant Deed

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENTS TO

City of Elk Grove
8400 Laguna Palms Way
Elk Grove, CA 95758
Attention: City Clerk

GRANT DEED

TITLE ORDER NO.

ESCROW NO.

APN NO.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER
TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND
TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES
PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

DELTA BREEZE PARTNERS, L.L.C., a California limited company

hereby GRANT(s) to

CITY OF ELK GROVE

the following described real property in the City of Elk Grove, County of Sacramento, State of California:

SEE EXHIBIT "A" ATTACHED

Dated _____

GRANTOR

By: _____
Name: _____
Its: _____

COPY

STATE OF CALIFORNIA }
COUNTY OF } S.S.

On _____ before _____ me,
personally appeared _____, (here insert name and title of the officer),

_____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA }
COUNTY OF } S.S.

On _____ before _____ me,
personally appeared _____, (here insert name and title of the officer),

_____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "A"
Legal Description

All that portion of Sections 4 and 5, Township 5 North, Range S East, M.D.B.& M., described as follows:

Beginning at the intersection of the Easterly line of California Interstate 5, as described in the "Final Order of Condemnation to the State of California", recorded May 23, 1978, in Book 780523, Page 956, Official Records of the County of Sacramento, with the South line of said Section 5; thence, from said point of beginning, along said South line, North 89°11'52" East 1,420.27 feet and North 89°13'00" East 2,642.00 feet to the Southeast corner of said Section 5, also being the Southwest corner of said Section 4; thence, along the South line of said Section 4, North 89°12'52" East 1,363.58 feet to its intersection with the Westerly line of the Lower Stockton Road, also known as Franklin Boulevard; thence, along said Westerly line, North 05°38'15" West 2,599.45 feet to its intersection with the centerline of an existing dirt road; thence, along said centerline, the following five (5) courses: 1) South 89°44'24" West 2,631.95 feet, 2) North 83°18'31" West 138.78 feet, 3) South 89°47'23" West 975.74 feet, 4) South 81°41'39" West 141.48 feet, and 5) South 89°04'20" West 1,727.85 feet to its intersection with said Easterly line of California Interstate 5; thence, along said Easterly line, South 09°37'81" East 2,65 108 feet to the point of beginning.

Shown as "Proposed Parcel 2" in that certain Lot Line Adjustment Resolution No. 97-BLS-0001 recorded March 28, 1997, in Book 19970328, Page 624, of Official Records.

EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances in or on the realty herein described, together with the right to produce, develop, explore for and extract said substances, but without the right of surface entry on the surface of said land or within 500 feet from the surface thereof, as reserved by Alfred Kuhn and Betty Kuhn, his wife, in the deed recorded October 2, 1978, in Book 781002, Page 24, of Official Records.

ALSO EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances below a depth of 500 feet from the surface thereof, but without the right of surface entry thereto, as described in those deeds recorded in Book 891031, Page 4147, and Book 891031, Page 4151, by and between Caroline G. Gwerder and Alice G. Lenz and Goodwin-Gwerder Co.

Assessor's Parcel No. 146-0040-0000

**AGREEMENT OF PURCHASE AND SALE
AND
JOINT ESCROW INSTRUCTIONS**

This Agreement of Purchase and Sale and Joint Escrow Instructions ("**Agreement**") dated as of July 2005, by and between **Premiere Partners III Limited Partnership**, an Illinois limited partnership doing business as Premiere Farmland Partners III Limited Partnership, ("**Seller**"), and the **City of Elk Grove**, a municipal corporation ("**Purchaser**").

RECITALS

A. Seller is the owner of that certain real property ("**Real Property**") located near the City of Elk Grove in the County of Sacramento ("**County**"), State of California, consisting of approximately 412 acres of land (Assessors Parcel Number 146-0040-039) legally described on Exhibit A, attached hereto and made a part hereof, together with all of Seller's rights, privileges, and any easements appurtenant to the Real Property including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Real Property, as well as all development rights, air rights, water, water rights, and water stock relating to the Real Property, any rights to any land lying in the bed of any existing dedicated street, road, or alleys adjoining the Real Property and to all strips and gores adjoining the Real Property, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Real Property (all of which are collectively referred to as the "**Appurtenances**"), and all improvements and fixtures located on the Real Property (all of which are collectively referred to as the "**Improvements**"). The Real Property, Appurtenances and Improvements are hereinafter collectively referred to as the "**Property**."

B. Purchaser intends to convert the Property to Swainson's Hawk foraging habitat and intends to engage The Nature Conservancy to conduct the conversion and manage the Property for that purpose and other purposes not inconsistent therewith.

C. Purchaser intends to purchase the Property from Seller and Seller intends to sell the Property to Purchaser on the terms and conditions set forth in this Agreement.

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

AGREEMENT

1. Purchase and Sale. Seller agrees to sell the Property to Purchaser and Purchaser agrees to purchase the Property from Seller on the terms and conditions set forth in this Agreement.

2. Effective Date. The date the last party executes this Agreement shall be the "**Effective Date**."

3. Purchase Price.

3.1 The purchase price for the Property shall be calculated as follows:

3.1.1 The purchase price shall be Twenty Thousand Five Hundred and no/100 Dollars (\$20,500.00) per acre, adjusted as set forth herein (the “**Purchase Price**”). For example, if the total acreage of the Property is 412 acres, the Purchase Price would be \$8,446,000.00. For the purposes of calculating the Purchase Price only, the area of the Property lying beneath any public roads shall not be included in the calculation of the total acreage of the Property.

3.2 Prior to the expiration of the Inspection period as defined in Section 4.1.4, Purchaser, at its sole cost and expense, shall have a licensed land surveyor prepare a boundary survey of the Real Property, and shall deliver a copy thereof to Seller. If the acreage of the Real Property is either less than or greater than 412 acres, rounded to the nearest 1/16th of an acre, the total Purchase Price relating to the Property shall be appropriately adjusted for any increase or decrease in the actual acreage, and shall be confirmed in writing by the parties within 10 days after receipt of the Survey by Seller.

3.3 On or before the Close of Escrow (defined in Section 9), Purchaser shall deposit into Escrow (defined in Section 9) the Purchase Price in cash or immediately available funds.

3.4 Deposit. Within five (5) business days after the Effective Date of this Agreement, Purchaser shall deposit with Escrow Holder (as hereafter defined and designated pursuant to Section 4.1.1 hereof) either (i) cash in the amount of Two Hundred Fifty Thousand and no /100 dollars (\$250,000.00) or (ii) an irrevocable commercial letter of credit in the amount of Two Hundred Fifty Thousand and no /100 dollars (\$250,000.00) with an expiration date no earlier than the Close of Escrow (as defined in Section 9 (the “Deposit”). The Deposit shall be held, paid and applied by the Escrow Holder as set forth in this Agreement.

3.4.1. Letter of Credit. In the event Purchaser elects to deposit with Escrow Holder a letter of credit, any such letter of credit shall (1) be issued in favor of Seller by a commercial bank or savings and loan institution selected by Purchaser and reasonably acceptable to Seller, (2) provide that it may be drawn upon by presentation of the letter of credit and the certification described in Section 3.4.3 hereof, and (3) shall be in a form reasonably acceptable to Seller.

3.4.2. Cash. In the event Purchaser elects to deposit with the Escrow Holder cash, Escrow Holder shall invest such cash in such obligations or accounts as Purchaser may from time to time direct. Any and all interest or income earned on such investments shall inure to the benefit of Purchaser and shall be paid to Purchaser as received by or available to Escrow Holder.

3.4.3. Release by Escrow Holder. The Deposit shall be released by Escrow Agent to Seller only upon presentation of a written certification, executed by Seller, stating that a default by Purchaser has occurred under this Agreement, that Seller has given Purchaser notice of such default and a period of five (5) business days from receipt of such notice to cure such default in the event of a monetary default and fifteen (15) business days from receipt of such notice to cure such default in the event of a non-monetary default, and that as a result of Purchaser’s failure to cure such default, Seller is entitled to the Deposit under this Agreement. The Deposit shall (1) be returned to Purchaser at Closing hereunder, (2) at Purchaser’s option, be applied to the Purchase Price, or (3) be returned to Purchaser prior to

Closing in the event this Agreement terminates in accordance with its terms for reasons not due to the fault of Buyer.

4. Conditions Precedent.

4.1 Purchaser's Conditions Precedent to Closing. Purchaser's obligation to purchase the Property from Seller is subject to the following conditions precedent ("**Conditions Precedent**"), which are for Purchaser's benefit only:

4.1.1 Title. Within ten (10) business days after the Effective Date, Seller shall provide Purchaser at Seller's expense, an update to the preliminary report ("**Preliminary Report**") for the Property issued by Fidelity National Title Company, 8801 Folsom Boulevard, Suite 210, Sacramento, California 95826 ("**Escrow Holder**"), together with legible copies of all exceptions and the documents supporting the exceptions ("**Exceptions**") in the Preliminary Report (the Preliminary Report, together with the Exceptions, shall be collectively referred to as the "**Title Documents**"). Within twenty (20) calendar days after the Effective Date, Purchaser shall review the Title Documents and shall approve or disapprove, in its sole discretion, the Title Documents by delivering written notice to Seller and Escrow Holder. Purchaser's failure to give Seller and Escrow Holder written notice of Purchaser's approval or disapproval within the specified time period shall be deemed to be Purchaser's approval of the Title Documents. If Purchaser notifies Seller of Purchaser's disapproval of the Title Documents, Seller shall have five (5) business days after receipt of Purchaser's notice to give Purchaser written notice ("**Seller's Title Notice**") of those disapproved title matters, if any, which Seller is unwilling or unable after reasonable and good faith efforts to have eliminated from title to the Property by the Close of Escrow. Notwithstanding the foregoing, Seller agrees to remove on the Close of Escrow any deeds of trust whereby Seller is the trustor or borrower which are currently recorded against the Property. If Seller is unable or unwilling to remove all of the title matters objected to by Purchaser, Purchaser shall have five (5) business days from receipt of Seller's Title Notice to notify Seller in writing that either (1) Purchaser is willing to purchase the Property, subject to such disapproved exceptions, or (2) Purchaser elects to terminate this transaction ("**Purchaser's Notice**"). If Seller fails to deliver Seller's Title Notice, Purchaser shall deliver Purchaser's Notice within five (5) business days after Purchaser's delivery of Purchaser's disapproval. Failure of Purchaser to take either one of the actions described in clause (1) or (2) in the previous sentence shall be deemed to be Purchaser's election to take the action described in clause (1). If this Agreement is terminated pursuant to this Section 4.1.1, then the Deposit shall be returned to Purchaser, and, neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

4.1.2 Title Policies. On or before expiration of the Inspection Period (as defined below), Purchaser shall have received evidence, as part of Purchaser's due diligence investigation of the Property, that Escrow Holder's title insurer ("**Title Company**") is ready, willing, and able to issue, upon payment of Title Company's regularly scheduled premium, a California Land Title Association ("**CLTA**") standard owner's policy of title insurance ("**Owner's Policy**") in the face amount of the Purchase Price with the endorsements Purchaser may require ("**Endorsements**"), showing title to the Property vested in Purchaser subject only to the approved Exceptions.

4.1.3 Property Documents. Within ten (10) days after the Effective Date, Seller shall provide Purchaser access to the following documents that are in its possession or under its control: relevant studies, documents, land surveys, soils reports, licenses,

maintenance contracts, utility contracts, management contracts, service contracts, warranties, and other documents and/or contracts pertaining to the Property, together with any amendments or modifications; any and all information that Seller has regarding environmental matters affecting the Property and regarding the condition of the Property, including, but not limited to, Phase I and/or Phase II Environmental Assessments, wetlands, structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on, or about the Property; copies of leases and relative correspondence; and any and all other documents and matters relative to the Property (collectively, Property Documents). Access to the Property Documents shall be provided at Vino Farms, Inc., 1377 E. Lodi Avenue, Lodi, California, and shall be made available to Purchaser during Regular Business Hours during the Inspection Period. Purchaser may make copies of any and all Property Documents reviewed. As used herein, Regular Business Hours shall mean 8:00 a.m. to 5:00 p.m., Monday through Friday. Seller makes no express or implied representations or warranties regarding the truthfulness, accuracy, or completeness of the Property Documents; provided, however, if Seller is aware of any inaccuracies or incompleteness of the Property Documents, Seller shall upon delivery of the Property Documents to Purchaser or upon discovery of inaccuracies or incompleteness inform Purchaser of such inaccuracies or incompleteness.

Prior to the expiration of the Inspection Period (defined in Section 4.1.4), Purchaser shall approve or disapprove the Property Documents. On or before the Close of Escrow, Seller shall assign to Purchaser (without any representation or warranty, express or implied) all of Seller's rights and remedies under any contracts pertaining to the Property, to the extent that they are assignable, pursuant to an assignment of contracts ("**Assignment of Contracts**") in substantially the form attached hereto and incorporated herein as Exhibit B. Prior to the Close of Escrow, Seller shall terminate any contracts pertaining to the Property (which are terminable without creating an event of default under such contract by Seller) that Purchaser specifies in writing to Seller that Purchaser does not want to assume after the Close of Escrow, by delivering notices to the other parties under such contracts in sufficient time to terminate such contracts prior to the Close of Escrow. If Purchaser fails to provide the written notice required hereunder, then Seller shall terminate all such terminable contracts as of the Close of Escrow and there shall be no requirement to deliver the Assignment of Contracts at the Close of Escrow.

4.1.4 Physical Inspection. For a period of sixty (60) days after the Effective Date ("**Inspection Period**") upon not less than one (1) business day's advance written notice from Purchaser to Seller, Seller shall provide Purchaser and Purchaser's agents and representatives with access to the Property to make such reasonable non-destructive inspections, tests, copies, verifications, assessments, surveys and studies ("**Inspections**") as Purchaser considers reasonably necessary or desirable under the circumstances regarding the Property and its condition. Inspections may include, without limitation, inspections regarding zoning, building codes and other governmental regulations; imposition of governmental obligations and assessments; architectural inspections; engineering tests; economic feasibility and marketing studies; availability of sewer, water, storm drain and other utilities; availability of roads, access and services; soils, seismic, engineering and geologic reports; environmental assessments (including, but not limited to, soil borings during a Phase II environmental assessment), studies, tests and reports; structural and mechanical systems inspections; and availability of permits, land use entitlements, development rights and approvals and other governmental approvals. All Inspections shall be made at Purchaser's sole cost and expense and shall not unreasonably interfere with Seller's operations at the Property. Purchaser shall repair any damage to the

Property caused by any Inspections. Prior to the expiration of the Inspection Period, Purchaser shall provide Seller with written notice of Purchaser's disapproval of the Property, in Purchaser's sole discretion. Purchaser's failure to provide Seller with written notice of Purchaser's disapproval shall be deemed to be an approval of the Property. In the event Purchaser, in its sole discretion, disapproves the Property for any reason, Purchaser or Seller may terminate this Agreement by written notice to the other. If this Agreement is terminated pursuant to this Section 4.1.4, then the Deposit shall be returned to Purchaser, and, neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

Purchaser shall indemnify, defend and hold Seller and the Property harmless from any and all claims, damages or liabilities arising out of or resulting from the entry onto or activities upon the Property by Purchaser or Purchaser's representatives or liens arising from Purchaser's due diligence review of the Property. Prior to performing any inspections, and prior to any entrance onto the Property by Purchaser or its agents or contractors, Purchaser shall furnish to Seller evidence that Purchaser maintains, and Seller has been named an additional insured on commercial general liability insurance with limits of not less than \$1,000,000 per occurrence, covering Purchaser's indemnification obligations under this section with respect to damage to the Property and injury to persons or property. Purchaser shall keep such insurance in full force and effect until the Close of Escrow or the earlier termination of this Agreement.

4.1.5 Seller's Obligations. The performance by Seller of every covenant, condition, agreement, and promise to be performed by Seller pursuant to this Agreement and the related documents executed or to be executed by Seller.

4.1.6 Condemnation or Casualty. On the date of Close of Escrow, the Property shall not have been damaged or destroyed in any material respect and no condemnation or eminent domain action or proceeding shall be pending or threatened against the Property.

4.1.7 Seller's Representations. The truth and accuracy, in all material respects, of all Seller's representations and warranties in this Agreement and the related documents executed or to be executed by Seller.

4.1.8 Loan Contingency. On or before the expiration of the Inspection Period, Purchaser shall have received from a reputable, financially stable lender satisfactory to Purchaser, in Purchaser's sole discretion, ("Lender") a commitment ("Loan Commitment") to lend Purchaser the amount of \$6,334,500.00 bearing interest at a rate not to exceed 3% per year, which rate shall be fixed for a term not to exceed 10 years and otherwise on terms and conditions satisfactory to Purchaser in Purchaser's sole discretion (the "Loan"). If Purchaser shall not have obtained the Loan Commitment within the timeframe set forth above, despite using commercially reasonable efforts, Purchaser may terminate this Agreement. If this Agreement is terminated pursuant to this Section 4.1.8, then the Deposit shall be returned to Purchaser and neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth herein.

4.2 Seller's Conditions Precedent to Closing. Seller's obligation to sell the Property to Purchaser is subject to the following conditions precedent, which are for Seller's benefit only:

4.2.1 Purchase Price. Purchaser's deposit of the Purchase Price, subject to adjustment is provided herein, into Escrow on or before the Close of Escrow.

4.2.2 Purchaser's Representations. The truth and accuracy, in all material respects, of all Purchaser's representations and warranties in this Agreement and the related documents executed or to be executed by Purchaser.

4.2.3 Purchaser's Obligations. The performance by Purchaser of every covenant, condition, agreement, and promise to be performed by Purchaser pursuant to this Agreement and the related documents executed or to be executed by Purchaser.

4.3 Failure of Conditions Precedent. In the event any of the Conditions Precedent have not been fulfilled within the applicable time periods or if Purchaser disapproves, matters for which Purchaser's approval is required, the party benefited by the condition may, within five (5) business days either: (i) waive the condition or disapproval and close Escrow in accordance with this Agreement, or (ii) terminate this Agreement by written notice to the other party.

5 Seller's Representations and Warranties. Seller represents and warrants to Purchaser and The Nature Conservancy the following representations and warranties. For the purpose of this Agreement, without creating any personal liability on behalf of such individual, usage of "to the best of Seller's knowledge," or words to such effect, shall mean the actual, personal knowledge of Randall E. Pope, without investigation or inquiry, existing as of the Effective Date. At Closing, Seller shall deliver to Purchaser a certificate ("Seller's Closing Certificate") pursuant to which Seller shall reaffirm the foregoing representations and warranties as of the date of Closing, provided that such certificate may reflect any changes to such representations and warranties of which Seller has become aware prior to Closing but subsequent to Seller's execution of this Agreement. In the event that such certificate indicates any material changes to the following representations and warranties, Seller shall not be deemed in default hereunder and Purchaser shall have the right to terminate this Agreement, whereupon Escrow Holder shall return the Deposit to Purchaser and both parties shall be relieved of any further obligations hereunder except those that expressly survive termination. In the event any such certificate does indicate any such changes and Purchaser does not elect to terminate this Agreement, the representations and warranties made by Seller to Purchaser pursuant to this Agreement as of the date of Closing shall be deemed made subject to any such changes reflected in such certificate. Between the date of this Agreement and the date of Closing, (i) Purchaser shall notify Seller of any breach or violation of the foregoing representations and warranties discovered by Purchaser; and (ii) Seller shall have the right to deliver to Purchaser supplemental statements indicating any changes to the foregoing representations and warranties that Seller has discovered to date. Purchaser shall have a period of three days from and after receipt of any such supplemental statement (or, if the date of Closing is less than three days from the day on which Purchaser receives any such supplemental statement, the period from Purchaser's receipt until Closing) to notify Seller in writing of Purchaser's election to terminate this Agreement, whereupon Title Company shall return the Deposit to Purchaser and both parties shall be relieved of any further obligations hereunder, except those which expressly survive termination. In the event Purchaser does not so terminate this Agreement within such period, Purchaser shall be deemed to have accepted any changes to the foregoing representations and warranties set forth in the supplemental statement delivered by Seller, and Purchaser shall have no further right to

object to such changes when the same are reflected in the above-described certificate to be delivered to Purchaser at Closing.

5.1 To the best of Seller's knowledge (i) it has the full power and authority to enter into this Agreement and to perform this Agreement; (ii) it is not the subject of any bankruptcy or insolvency proceedings; and (iii) this Agreement is a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws from time to time in effect which affect the rights of creditors generally or by limitations upon the availability of equitable remedies.

5.2 To the best of Seller's knowledge, Seller is not a "foreign person" as defined in the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder.

5.3 To the best of Seller's knowledge, except for the rights of Purchaser under this Agreement, Seller has not granted any options or rights of first refusal to purchase the Property to any person or entity, and conveyance of the rights described herein will not constitute a breach or default under any agreement to which Seller is bound and/or to which the Property is subject.

5.4 To the best of Seller's knowledge, there is no suit, action, arbitration, legal, administrative or other proceeding or inquiry pending or threatened against the Property, or any portion thereof, or pending or threatened against Seller which could (i) affect Seller's title to the Property, or any portion thereof, (ii) affect the value of the Property, or any portion thereof, or (iii) subject an owner of the Property, or any portion thereof, to liability.

5.5 To the best of Seller's knowledge, there are no uncured notices which have been served upon Seller from any governmental agency notifying Seller of any violations of law, ordinance, rule or regulation which would affect the Property or any portion thereof.

5.6 To the best of Seller's knowledge, Seller has not received written notice that the Property is in violation of any federal, State, or local law, ordinance, regulation, order, decree or judgment.

5.7 To the best of Seller's knowledge, Seller has not received written notice that the Property or any part thereof is not in full compliance with all applicable building, zoning, environmental, and similar laws, statutes, rules, regulations and ordinances and all covenants, conditions and restrictions applicable to the Property.

5.8 To the best of Seller's knowledge, Seller has not received any written notice of any uncured violation of hazardous substances laws on or with respect to the Property.

5. Purchaser's Representations and Warranties. Purchaser represents and warrants to the best of Purchaser's knowledge that as of the Effective Date and as of the Close of Escrow:

6.1 Purchaser's Authority. Purchaser has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement and no other action by Purchaser is requisite to the valid and binding execution, delivery and performance of this Agreement. The

person executing this agreement on behalf of Purchaser has the legal right, power and authority to bind purchaser to the terms hereof.

6.2 Enforceability. This Agreement and all documents required hereby to be executed by Purchaser are and shall be valid, legally binding obligations of and enforceable against Purchaser in accordance with their terms.

6.3 Conflicting Documents. Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the occurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Purchaser is a party.

7. Indemnification.

7.1 For a period of two years after the Close of Escrow, Seller shall indemnify, protect, defend and hold harmless Purchaser (and Purchaser's officials, representatives, agents and employees) and The Nature Conservancy against and in respect of any and all claims, demands, damages, liabilities, losses, judgments, assessments, costs and expenses (including reasonable fees and expenses for legal representation (attorneys, paralegals, consultants, etc.), experts' fees and costs and all court costs) arising out of the following:

7.1.1 By reason of Seller or Seller's agents, employees, or representatives negligence or intentional acts relating to the Property that occurred before the Close of Escrow; or

7.1.2 Based upon or related to a breach of any representation, warranty, or covenant made by Seller in this Agreement.

Seller acknowledges and agrees that The Nature Conservancy is an intended third party beneficiary of Seller's representations and warranties made pursuant to this Agreement.

8. Seller's Covenants. Seller agrees as follows:

8.1 Payment of All Obligations. Seller shall have discharged all mechanics' and materialmen's liens arising from labor and materials furnished prior to the Close of Escrow. Seller will discharge, as due, all of Seller's obligations and liabilities under the Property Documents arising prior to the Close of Escrow.

8.2 Tenant Leases. Seller shall not enter into any tenant lease between Effective Date of this Agreement and the Close of Escrow without Purchaser's prior written approval.

8.3 Litigation. Seller shall immediately notify Purchaser of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, known to Seller which might affect the Property or any interest of Purchaser.

9. Escrow. Purchaser shall provide Escrow Holder with a copy of this Agreement fully executed within three (3) days after the Effective Date ("**Escrow**"). This Agreement shall,

to the extent possible, act as escrow instructions. The parties agree to execute all further escrow instructions required by Escrow Holder, which further instructions shall be consistent with this Agreement, and shall provide that as between the parties, the terms of this Agreement shall prevail if there is any inconsistency. "**Close of Escrow**" is defined to be date of the recordation of a Grant Deed from Seller to Purchaser for the Property. The Close of Escrow shall occur on the latter of (i) five days after the completion of the 2005 harvest by Seller (as confirmed in writing by Seller upon the completion thereof), or (ii) **November 10, 2005**.

10. Closing. On or before Close of Escrow, Seller and Purchaser shall deposit with Escrow Holder the following documents and funds and shall close Escrow as follows:

10.1 Seller's Deposits. Seller shall deposit with Escrow Holder the following:

10.1.1 Deed. The original executed and acknowledged Grant Deed conveying the Property to Purchaser ("**Grant Deed**") in the form attached hereto as Exhibit C;

10.1.2 Non-Foreign Affidavit. An original Nonforeign Affidavit executed by Seller; and

10.1.3 Additional Documents. Any other documents or funds required by Escrow Holder from Seller to close Escrow in accordance with this Agreement.

10.2 Purchaser's Deposits. On or before the Close of Escrow, Purchaser shall deposit with Escrow Holder the following:

10.2.1 Purchase Price. The Purchase Price in cash or immediately available funds;

10.2.2 Closing Costs. Additional cash in the amount necessary to pay Purchaser's share of closing costs, as set forth in Section 11.2; and

10.2.3 Additional Documents. Any other documents or funds required of Purchaser to close Escrow in accordance with this Agreement.

11. Closing Costs.

11.1 Seller's Costs. Seller shall pay the title insurance premium for the CLTA Owner's Policy in the amount of the Purchase Price; one-half (1/2) of Title Company's escrow fees and closing costs; the County real property transfer taxes and documentary transfer taxes payable upon recordation of the Deed; and any sales, use, and ad valorem taxes connected with the Close of Escrow.

11.2 Purchaser's Costs. Purchaser shall pay one-half (1/2) of Title Company's Escrow fees and closing costs and the cost for any title Endorsement Purchaser may require.

11.3 Miscellaneous Costs. All other charges and credits with respect to the Property, shall be prorated to the Close of Escrow on the basis of a thirty (30) day month. Seller shall pay all ad valorem real property taxes up to the date of the Close of Escrow.

11.4 Utility Charges. Seller will cause all utility and water meters to be read on the Close of Escrow and will be responsible for the cost of all utilities and water used prior to that time.

12. Right to Assign. Except as otherwise provided in this Agreement, the parties shall not have the right, power, or authority to assign this Agreement or any portion of this Agreement or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntarily or by operation of law, except as provided in this section without the other party's prior written approval, which shall not be unreasonably withheld or delayed.

13. Successors and Assigns. All of the rights, benefits, duties, liabilities, and obligations of the parties shall inure to the benefit of, and be binding upon, their respective successors and assigns.

14. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this section, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (b) upon receipt when sent by facsimile to the number set forth below (provided that, notices given by facsimile shall not be effective unless the receiving party delivers the notice also by one other method permitted under this section); (c) upon the day of delivery if the notice has been deposited in a authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (d) upon actual delivery if deposited with either Golden State Overnight, FedEx or United Parcel Service to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Seller: Premiere Partners III Limited Partnership
2407 South Neil Street
Champaign, IL 61820
Attention: Randall Pope
Telephone: 217-352-6000
Facsimile: 217-352-9048

With a copy to: David B. Sholem, Esq.
Meyer Capel, a Professional Corporation
306 West Church Street
Champaign, IL 61820
Telephone: 217-352-1800
Facsimile: 217-352-1083

If to Purchaser: City of Elk Grove
Development Services
8400 Laguna Palms Way
Elk Grove, CA 95758
Attn: Real Property Manager
Telephone: 916-478-3617
Facsimile: 916-691-6411

With a copy to: Kronick, Moskovitz, Tiedemann & Girard
400 Capitol Mall, 27th Floor

Sacramento, California 95814
Attn: Matthew R. Berrien
Telephone: 916-321-4500
Facsimile: 916-321-4555

Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Section. If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Section by delivering to the other party written notice in the manner set forth above.

15. Possession. Possession of Property shall transfer to Purchaser at the Close of Escrow.

16. Attorney Fees; Litigation Costs. If any legal action or other proceeding, including arbitration or an action for declaratory relief, is brought to enforce this Agreement or because of a dispute, breach, default, or misrepresentation in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and other costs, in addition to any other proper relief. Prevailing party includes (a) a party who dismisses an action in exchange for sums allegedly due; (b) the party that receives performance from the other party of an alleged breach of covenant or a desired remedy, if it is substantially equal to the relief sought in an action; or (c) the party determined to be prevailing by a court of law.

17. Destruction. In the event of any damage or other loss to the Property prior to the Close of Escrow that affects Purchaser's intended use of the Property or the value of the Property, excluding any such damage or loss caused by Purchaser, Purchaser may, without liability, terminate this Agreement. If Purchaser elects not to terminate this Agreement, the Purchase Price shall be adjusted to reflect any reduction in value resulting from the damage or loss to the Property.

18. Time of the Essence. Time is of the essence in this Agreement and every provision contained in this Agreement.

19. Construction. The title and headings of the sections in this Agreement are intended solely for reference and do not modify, explain, or construe any provision of this Agreement. All references to sections, recitals, and the preamble shall, unless otherwise stated, refer to the sections, recitals, and preamble of this Agreement. 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 the Agreement.

20. Integration. This Agreement, all attached exhibits, and all related documents referred to in this Agreement, constitute the entire agreement between the parties. There are no oral or parol agreements which are not expressly set forth in this Agreement and the related documents being executed in connection with this Agreement. This Agreement may not be modified, amended, or otherwise changed except by a writing executed by the party to be charged.

21. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies.

22. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or provision illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

23. Waivers. No waiver or breach of any provision shall be deemed a waiver of any other provision, and no waiver shall be valid unless it is in writing and executed by the waiving party. No extension of time for performance of any obligation or act shall be deemed an extension of time for any other obligation or act.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. The execution of this Agreement shall be deemed to have occurred, and this Agreement shall be enforceable and effective, only upon the complete execution of this Agreement by Seller and Purchaser.

25. Survival. For a period of two years from the date of the Close of Escrow, all of Purchaser's and Seller's warranties, indemnities, representations, covenants, obligations, undertakings and agreements contained in this Agreement shall survive the Close of Escrow of the Property, and the execution and delivery of this Agreement and of any and all documents or instruments delivered in connection herewith; and no warranty, indemnity, covenant, obligation, undertaking or agreement herein shall be deemed to merge with the Grant Deed for the Property.

26. Incorporation of Exhibits. All attached exhibits are incorporated in this Agreement by reference.

27. Brokers. Purchaser warrants to Seller that it is not represented by a real estate broker and that no person or entity can properly claim a right to a commission, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement. Seller warrants to Purchaser that no person or entity can properly claim a right to a commission, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement. If any other broker or finder makes any claim for a commission or finder's fee, the party through which the broker or finder makes such claim shall indemnify, defend and hold the other party harmless from all liabilities, expenses, losses, damages or claims (including the indemnified party's reasonable attorneys' fees) arising out of such broker's or finder's claims.

28. Governing Law. This Agreement shall be governed by and construed in accordance with California law.

29. Days of Week. A "business day," as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If

any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SELLER:

Premiere Partners III Limited Partnership,
an Illinois limited partnership, dba **Premiere
Farmland Partners III Limited Partnership**

By

Name Randall E. Pope

Title President, Westchester Group, Inc.,
General Partner,
Premiere Partners III, LP

PURCHASER:

City Of Elk Grove, a municipal corporation

By:

Its:

RECOMMENDED FOR APPROVAL:

By:

Real Property Manager

Date:

APPROVED AS TO FORM:

By:

Anthony Manzanetti, City Attorney

Date:

ATTEST:

By:

City Clerk

Date:

EXHIBIT A

Legal Description

All that portion of Sections 4 and 5, Township 5 North, Range S East, M.D.8.& M., described as follows:

Beginning at the intersection of the Easterly line of California Interstate 5, as described in the "Final Order of Condemnation to the State of California", recorded May 23, 1978, in Book 780523, Page 956, Official Records of the County of Sacramento, with the North line of said Section 5, also being the South line of Section 31, Township 6 North, Range 5 East, M.D.B.& M.; thence, from said point of beginning, along the common line between said Sections 5 and 31, North 89°32'25" East 410.05 feet to the Southeast corner of said Section 31, also being the Southwest corner of Section 32, Township 6 North, Range 5 East, M.D.B.& M.; Thence, along the common line between said Sections 5 and 32, North 88°29'29" East 4,247.07 feet to the Northeast corner of said Section 5, also being the Northwest corner of said Section 4; thence, along the common line between said Sections 4 and 32, North 88°29'29" East 1,014.60 feet to its intersection with the Northerly production of the Westerly boundary of "Parcel 1", as described in that certain deed recorded in Book 840110, Page 1178, Official Records of said County; thence, along said production, South 05°38'15" East 30.08 feet to the Northwest corner of said "Parcel 1"; thence, along the boundary of said "Parcel 1", the following two (2) courses: 1) South 05°38'15" East 107.22 feet, and 2) North 84°21'45" East 100.00 feet to a point on the Westerly line of the Lower Stockton Road, also known as Franklin Boulevard; thence, along said Westerly line, South 05°38'15" East 3,122.12 feet to its intersection with the centerline of an existing dirt road; thence, along said centerline, the following five (5) courses: 1) South 89°44'24" West 2,631.95 feet, 2) North 83°18'31" West 138.76 feet, 3) South 89°47'23" West 975.74 feet, 4) South 81°41'39" West 141.48 feet, and 5) South 89°04'20" West 1,727.85 feet to its intersection with said Easterly line of California Interstate 5; thence, along said Easterly line, the following three (3) courses: 1) North 09° 37' 18" West 1,484.51 feet, 2) North 07°01'09" West 1,211.09 feet, and 3) North 09°37'18" West 480.92 feet to the point of beginning.

Shown as "Proposed Parcel 1" in that certain Lot Line Adjustment Resolution No. 97-BLS-0001 recorded March 28, 1997, in Book 19970328, Page 624, of Official Records.

EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances in or on the realty herein described, together with the right to produce, develop, explore for and extract said substances, but without the right of surface entry on the surface of said land or within 500 feet from the surface thereof, as reserved by Alfred Kuhn and Betty Kuhn, his wife, in the deed recorded October 2, 1978, in Book 781002, Page 24, of Official Records.

ALSO EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas, asphaltum, minerals and other hydrocarbon substances below a depth of 500 feet from the surface thereof, but without the right of surface entry thereto, as described in those deeds recorded in Book 891031, Page 4147, and Book 891031, Page 4151, by and between Caroline G. Gwerder and Alice G. Lenz and Goodwin-Gwerder Co.

Assessor's Parcel No. 146-0040-039-0000

EXHIBIT B

Assignment of Contracts

THIS ASSIGNMENT OF CONTRACTS (“Assignment”) is dated as of _____, 20__, and is entered into by and between **Premiere Partners III Limited Partnership**, an Illinois limited partnership doing business as Premiere Farmland Partners III Limited Partnership (“Assignor”), and the **City of Elk Grove**, a California municipal corporation (“Assignee”), with reference to the following facts:

RECITALS

A. Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions (“Agreement”) dated _____, 20__, providing for the purchase by Assignee from Assignor of certain real property (the “Property”) described in the Agreement.

B. Assignor has entered into, or is otherwise bound by, certain contracts (“Contracts”) in connection with the Property which Assignor has agreed to assign to Assignee upon Assignee's purchase of the Property. A list of the Contracts is attached hereto as Schedule 1.

C. This Assignment is executed to effectuate the transfer to Assignee of all of Assignor's rights, title and interest in and to the Contracts pursuant to the provisions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignment and Acceptance.

(a) Assignor hereby remises, releases and assigns to Assignee, all of Assignor's right, title and interest in and to the Contracts.

(b) Assignee hereby accepts the foregoing assignment and agrees to keep, perform and fulfill all of the terms, covenants, conditions, duties and obligations which are required to be kept, performed and fulfilled by the Assignor under the Contracts.

2. Indemnification by Assignee. Assignee shall indemnify, defend and hold Assignor harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments, awards and expenses of every kind and nature whatsoever, including, without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Contracts subsequent to the date of this Assignment.

3. Indemnification by Assignor. Assignor shall indemnify, defend and hold Assignee harmless from and against any and all claims, costs, demands, losses, damages, liabilities, lawsuits, actions and other proceedings in law or in equity or otherwise, judgments,

awards and expenses of every kind and nature whatsoever, including, without limitation, attorneys' fees, arising out of or relating to, directly or indirectly, in whole or in part, the Contracts prior to the date of this Assignment.

4. Covenants of Further Assurances. Assignor and Assignee each agree to execute such other documents and perform such other acts as may be necessary or desirable to effectuate this Assignment.

5. Attorneys' Fees. In the event of any action or suit by either party hereto against the other arising from or interpreting this Agreement, the prevailing party in such action or suit shall, in addition to such other relief as may be granted, be entitled to recover its costs of suit and actual attorneys' fees.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

Premiere Partners III Limited Partnership,
an Illinois limited partnership doing business
as **Premiere Farmland Partners III Limited**
Partnership

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNEE:

City of Elk Grove, a municipal corporation

By: _____
Its: _____

RECOMMENDED FOR APPROVAL:

By: _____
Real Property Manager

Date: _____

APPROVED AS TO FORM 

By: _____
Anthony Manzanetti, City Attorney

Date: _____

ATTEST:

By: _____
City Clerk

Date: _____

EXHIBIT C

Grant Deed

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENTS TO

City of Elk Grove
8400 Laguna Palms Way
Elk Grove, CA 95758
Attention: City Clerk

GRANT DEED

TITLE ORDER NO.

ESCROW NO.

APN NO.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

PREMIERE PARTNERS III LIMITED PARTNERSHIP, an Illinois limited partnership doing business as **PREMIERE FARMLAND PARTNERS III LIMITED PARTNERSHIP**

hereby GRANT(s) to

CITY OF ELK GROVE

the following described real property in the City of Elk Grove, County of Sacramento, State of California:

SEE EXHIBIT "A" ATTACHED

Dated _____

GRANTOR

By: _____
Name: _____
Its: _____

COPY

STATE OF CALIFORNIA }
COUNTY OF } S.S.

On _____ before _____ me,
personally appeared _____, (here insert name and title of the officer),

_____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA }
COUNTY OF } S.S.

On _____ before _____ me,
personally appeared _____, (here insert name and title of the officer),

_____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

