

Aufmuth, Fox & Baigent  
A Professional Corporation

Attorneys

July 20, 1990

Ms. Lynda Hamilton-Rahi  
Executive Director  
City of East Palo  
Alto Redevelopment Agency  
2415 University Avenue  
East Palo Alto, CA 94303

Dear Lynda:

I returned from vacation today and received your letter dated July 10, 1990 requesting certain information in connection with University Circle, Ltd.'s response to the notice of non-conformity for University Circle redevelopment project area.

Enclosed is a copy of the Option Agreement for property in the University Circle area as you requested.

As to your other request, University Circle, Ltd. is made up of De Monet Industries, Inc., as General Partner; and Joaquin de Monet, Ricardo de Monet, Charles and Helga Schonfeld, and Julie Baigent as limited partners.

Joaquin de Monet is the majority shareholder in De Monet Industries, Inc.. The other shareholders in De Monet Industries, Inc. are Ricardo de Monet and Charles and Helga Schonfeld.

Please let me know if you need anything further.

Very truly yours,

AUFMUTH, FOX & BAIGENT,  
a Professional Corporation

By:   
Julia M. Baigent, Esq.

JMB:sdb

cc: Mr. Joaquin de Monet  
Mr. William Skibitzke  
Debbie Churton, Esq.

314 Lytton Avenue, Suite 200  
Palo Alto, California 94301

415 322-7100  
Fax 415 322-6635

## Option Agreement

Robert A. Saunders and Marjorie A. Saunders, husband and wife, (hereafter, "Owner"), owners of the real property commonly known as 1918 Manhattan Ave., East Palo Alto, California, Assessor's Parcel Number 063-474-030, and the property known as 1551 Woodland Avenue, parcel 063-474-020 (hereafter, "the Property"), do, for consideration described below, grant to University Circle, Ltd., a California partnership, or its assigns, (hereafter, "Optionee"), the exclusive right (hereafter, "the Option") to purchase the Property during such limited time and under such particular conditions as are described below.

1. The Property includes all improvements, fixtures, easements, and personal property pertaining to the operation of the property as rental apartment buildings.

2. Owner has good and marketable fee simple title to the Property. Owner has made no commitment to grant any rights in the Property to any entity, public or private, except for those shown on a current title report. Neither the execution of this Agreement nor performance of any provision hereof constitutes a default or violation under any existing contract or instrument in which Owner is a party. Owner has no knowledge or reason to believe that there is now or will be in the future any lawsuit or other court proceeding affecting title to, or use or operation of, the Property.

3. During the term of this agreement, Owner shall not create any claim or encumbrance against the Property except for trust deed liens. No contract respecting the Property or any apartment unit thereof shall be entered into which shall exceed 1 year in duration.

4. (Reserved.)

5. The Option shall run for an initial period of one calendar year, commencing with the date of this agreement or receipt of the consideration, whichever is later. The consideration for the Option for this period shall be Fifteen Thousand Dollars (\$15,000.00). During any time that this Option is in effect, it may from time to time be extended for an additional time of ninety days beyond the end of the option period then in effect by the payment by Optionee to Owner of an additional Five Thousand Dollars (\$5,000.00) as consideration for such time extension. Once this Option shall have lapsed, neither party to this agreement shall have any further obligation to the other. This Option shall in no event extend beyond December 31, 1991.

6. Optionee may, not less than 7 days prior to the end of the Option, open an escrow (hereafter, the "Escrow") with First American Title Guaranty Company (hereafter, "Escrow Agent") at its branch office in Redwood City, California, and deposit therein notice of his election to purchase the property, specifying in such notice on what date prior to the end of the Option he shall desire the sale to be completed and the Escrow to be closed. Owner shall remove at Owner's expense any claim or encumbrance which shall have arisen against the title to the property since the commencement of this agreement, except for claims or encumbrances (if any) which Optionee accepts in written instructions into the Escrow.

Upon receipt of notice of election to purchase, Owner shall deliver into escrow such documents as may be necessary to complete the sale. The sale shall be completed on

the contemplated closing date, including, without limitation, deed, bills of sale, and assignments of leases and contracts pertaining to the Property.

Optionee shall then deliver into escrow cash and/or documents such that the full purchase price of the Property shall be paid in cash. The purchase price of the Property shall be its fair market value as determined by further agreement of the parties. No part of the consideration for the Option shall apply to the purchase price.

If, after having deposited notice of his intent to purchase the property, Optionee should be unwilling or unable to do so, Optionee may deposit into escrow a rescission of said notice. Each party may then recover from the escrow holder any cash, document, or other thing held therein. The escrow, and this option agreement, shall then terminate. Optionee has and shall have no obligation to purchase the property on any terms whatever, and Owner shall have no claim of any kind against Optionee if Optionee does not do so.

7. Owner shall convey to Optionee good and marketable fee simple title to the Property by grant deed, subject only to taxes due but not delinquent at close of escrow, and such other exceptions (other than trust deed liens) as shall appear on a preliminary title report supplied by Escrow Agent at the opening of escrow, or shall have been approved by Optionee as in section 6 above. Optionee may specify which trust deed liens (if any) he wishes to purchase the Property "subject to"; all others shall be paid out of escrow. Owner shall supply a standard C. L. T. A. title insurance policy issued by the Escrow Agent, insuring said title for the full amount of the purchase price. Optionee may at its option and its additional cost (if any) have substituted an A. L. T. A. owner's title policy in lieu of the C. L. T. A. policy. Owner shall pay for drawing deed, documentary transfer tax (if any), and half of any County conveyance tax. Optionee shall pay escrow fees, half of any County conveyance tax, and any other costs of transfer not otherwise specified herein. Rents, taxes, any assessments, and insurance shall be prorated as of close of escrow. Utilities bills closing before close of escrow shall be paid by Owner. Owner shall convey by separate bill of sale, without additional consideration, all personal property used in the conduct of the business. Possession shall be delivered at close of escrow.

8. During the Option, Owner will provide Optionee from time to time or upon request by Optionee information regarding current revenues and expenses of the Property, and inform Optionee of any matter which may arise which affects the Property or its use or enjoyment, or any of Owner's rights therein. Such information shall include, without limitation, copies of all leases or contracts which affect the Property.

9. Owner hereby grants to Optionee and to its agents, employees, and consultants license to enter upon the Property to prepare any plans or applications or conduct any survey, engineering study, site analysis, or test boring as Optionee may desire in furtherance of Optionee's intended development or use of the Property. However, Optionee shall not cause any physical structure to be erected on the Property without the prior written consent of Owner, and shall indemnify Owner and hold Owner harmless from cost, damage, or liability of any kind (including reasonable attorney's fees) that may result from a entry or any related work. Optionee shall have the right to negotiate with any tenant of the Property to terminate any lease, and Owner shall cooperate with Optionee in any such negotiation; provided that no such termination

shall take effect prior to close of escrow without Owner's prior written consent.

10. If any agency should propose to acquire any part or interest in the Property by eminent domain or related procedure, Owner will promptly inform Optionee, and will cooperate with Optionee in protecting his interests in the Property; but the rights and duties of Owner and Optionee established by this agreement shall not otherwise be affected.

11. Owner shall cooperate with Optionee in obtaining any governmental approvals necessary for any development which Optionee may wish to make of the property. Optionee shall pay all costs, bonds, and fees of any kind related to such development, and shall save Owner harmless from any cost or liability arising from securing or attempting to secure any such approval.

12. Optionee shall pay any broker's commission earned by brokers employed by Optionee in accordance with any separate agreement which Optionee may have with such brokers, and Owner shall have no liability therefor. Owner has and will have no agreement with any broker which imposes any obligation on Optionee.

13. Unless otherwise provided herein, any notice to be given by either party to the other may be given either by personal delivery or by certified mail, postage prepaid, return receipt requested, and shall be deemed given as of the date of mailing. Mailed notices shall be addressed as follows:

To Optionee: University Circle, Ltd.  
c/o De Monet Industries, Inc.  
1450 Fashion Island Blvd., Suite 600  
San Mateo, Cal. 94404

CC: Julia M. Baigent, Esq.  
Aufmuth, Fox, & Baigent  
314 Lytton Ave. #200  
Palo Alto, Cal. 94301

To Owner: Robert A. or Marjorie A. Saunders  
3852 Grove Ave.  
Palo Alto, Cal. 94303

Either party may change its address by written notice in accordance with this section.

14. This comprises the entire agreement between the parties relating to the Option hereby granted. No modification of this agreement shall be of any effect unless executed by the parties in writing.

15. In the event of any dispute among the parties to this agreement relating thereto, the prevailing party shall be entitled to recover reasonable expenses, attorney's fees, and costs from the other party.

16. Time is of the essence of every part of this agreement.

17. This agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties hereto.

18. Upon request by Optionee, Owner shall execute a memorandum of this

of Maps at Page 24. Said agreement grants to Optionee the exclusive right and option, on the terms and conditions set forth therein, to purchase said properties, provided the option is exercised on or before the last day of the option period set forth in said agreement, as may be extended in accordance therewith, which in no event shall extend past December 31, 1991.

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

Robert A. Saunders  
Marjorie A. Saunders

University Circle, Ltd.,  
a California limited partnership  
By: De Monet Industries, Inc.,  
a California corporation

\_\_\_\_\_  
Robert A. Saunders

By: \_\_\_\_\_  
William Skibitzke,  
Senior Vice-President

\_\_\_\_\_  
Marjorie A. Saunders

State of California )  
                          ) SS.  
County of \_\_\_\_\_)

On this \_\_\_\_\_ day of June, 1990, before me, a Notary Public in and for the State of California, residing therein, duly commissioned and sworn, personally appeared Robert A. Saunders and Marjorie A. Saunders, known to me to be the persons who executed the foregoing instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

\_\_\_\_\_  
Notary Public

State of California )  
                          ) SS.  
County of \_\_\_\_\_)

On this \_\_\_\_\_ day of June, 1990, before me, a Notary Public in and for the State of California, residing therein, duly commissioned and sworn, personally appeared William Skibitzke, known to me to be person whose name is subscribed to the within instrument as Vice President of De Monet Industries, Inc., a California corporation, known to me to be a

Option in the form attached as Exhibit A, and deliver the same to Optionee for recording in the County of San Mateo.

19. This agreement shall be governed by and construed in accordance with the laws of the State of California.


20. Optionee may assign his rights in this agreement to any entity provided such assignee shall agree to assume the obligations of Optionee hereunder.

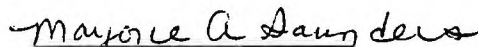
21. Optionee will, at Owner's expense, cooperate with Owner as Owner may request in structuring any sale of the Property as a tax-deferred exchange.

22. Owner's execution and delivery of this agreement to Optionee constitutes an offer, which shall expire unless this agreement shall have been executed by Optionee and delivered to Owner by 11:59 PM, June 19, 1990.

Agreed to this 14th day of June, 1990.

Owner:  
Robert A. Saunders  
Marjorie A. Saunders

  
Robert A. Saunders

  
Marjorie A. Saunders

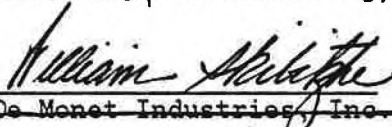
Optionee:  
University Circle, Ltd.,  
a California limited partnership  
By: De Monet Industries, Inc  
By:   
~~De Monet Industries, Inc.,~~ by  
William Skibitzke,  
Senior Vice President

Exhibit A

Recording requested by, and  
when recorded mail to:

De Monet Industries, Inc.  
1450 Fashion Island Blvd., suite 600  
San Mateo, Cal. 94404

This Memorandum of Option is made this fourteenth day of June, 1990  
by and between Robert A. Saunders and Marjorie A. Saunders (Optionor),  
and University Circle, Ltd., a California partnership (Optionee),  
concurrently with an Option Agreement between the same parties dated  
June 14, 1990, covering the properties designated as Lot 2 and Lot 3 of  
Block 3 on the map entitled "Map of Woodland Place, Subdivision No. One  
of Ravenswood, San Mateo County, California", which map was filed in the  
office of the Recorder of San Mateo County on August 1990 in Book 7

general partner of University Circle, Ltd., a California limited partnership, the partnership that executed the within instrument, and acknowledged to me that said partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

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Notary Public



# City of East Palo Alto

## Redevelopment Agency

Members of the Council  
William Vines, *Mayor*  
John Bostic, *Vice Mayor*  
Warnell Coats  
Pat Johnson  
Barbara A. Mouton

Stanley H. Hall, *City Manager*  
Lynda Rahi, *Deputy City Manager*

July 26, 1990

Bruce B. Roberts, Esq.  
801 Welch Road, Suite 205  
Palo Alt, CA 94303

Dear Mr. Roberts:

In accordance with the City of East Palo Alto's Business & Owner Participation Rules, this letter acknowledges the receipt of your July 6, 1990 letter and provides information as to the next steps required.

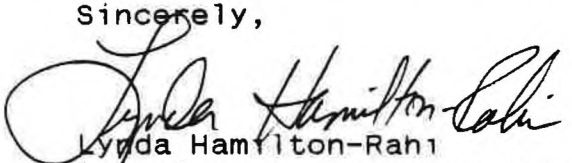
Understanding that your clients is interested in pursuing the option of participating by developing a parking structure on their property, they will need to submit the following:

1. Provide information as to the partners and their percentage of ownership in the proposed development.
2. Submit a copy of the preliminary improvement plans.
3. Submit evidence of the owner's ability to finance the proposed development.

Submittal of these documents will aid in the review and further consideration of your application as an owner/participant/developer. This information should be provided no later than August 17, 1990.

Should you have any question, please feel free to contact me.

Sincerely,

  
Lynda Hamilton-Rahi  
Interim Executive Director

cc: Grover Steele  
Debra Churton, Esq.

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# City of East Palo Alto

## Redevelopment Agency

Members of the Council  
William Vines, *Mayor*  
John Bostic, *Vice Mayor*  
Warnell Coats  
Pat Johnson  
Barbara A. Mouton

Stanley H. Hall, *City Manager*  
Lynda Rahi, *Deputy City Manager*

July 26, 1990

Mr. Stephen W. Player  
Crist, Griffiths, Schulz & Biorn  
550 Hamilton Avenue, Suite 301  
P.O. Box 90  
Palo Alto, California 94302

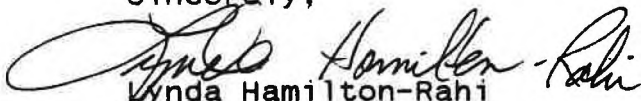
Dear Mr. Player:

In accordance with the City of East Palo Alto's Business and Owner Participation Rules, this letter acknowledges the receipt of your July 2nd & 3rd, 1990 letters and confirms that we met July 13, 1990 to discuss the participation rules.

Since I've not received any further correspondence in regards to a proposal for development or participation, I assume your client has no interest thereof. If I've misunderstood, please inform me of such in writing no later than August 3, 1990. Otherwise, I will assume I am correct in my assumption and no further follow-up regarding owner participation is required.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

  
Lynda Hamilton-Rahi  
Interim Executive Director

cc: Debra Churton  
Douglas Aikins

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# City of East Palo Alto

## Redevelopment Agency

Members of the Council  
William Vines, *Mayor*  
John Bostic, *Vice Mayor*  
Warnell Coats  
Pat Johnson  
Barbara A. Mouton

Stanley H. Hall, *City Manager*  
Lynda Rahi, *Deputy City Manager*

July 26, 1990

Gus Little  
University Circle  
Group Association  
1930 B. University Ave.  
East Palo Alto, Ca 94303

Dear Gus:

In accordance with the City of East Palo Alto's Business and Owner Participation Rules, this letter acknowledges the receipt of your July 16, 1990 letter and provides information as to the next steps required.

Understanding that the University Circle Group Association is interested in submitting a proposal in conformance with the Redevelopment Plan, you will need to submit the following:

1. Provide information as to the partners and their percentage of ownership in the development.
2. Provide a copy of the proposed preliminary improvement plans.
3. Submit evidence of the Association's ability to finance the proposed development.

Submittal of these documents will aid in the review and consideration of your application as owner participant\developer. All information should be submitted no later than August 17, 1990.

In regards to your inquires, as I state to you verbally in our meeting June 26, 1990 the DDA is being prepared to address the owner participation rights.

Prior to adoption of the DDA by the Agency Baoard, the document will be released for public review. I can not give a specific time as to when that will occur, since negotiations are still underway.

Should you have any questions, please feel free to contact me.

Sincerely,

Lynda Hamilton-Rahi  
Interim Executive Director

cc: Debra Churton, Esq.  
Douglas Aikins, Esq.



# City of East Palo Alto

## Redevelopment Agency

Members of the Council  
William Vines, *Mayor*  
John Bostic, *Vice Mayor*  
Warnell Coats  
Pat Johnson  
Barbara A. Mouton

Stanley H. Hall, *City Manager*  
Lynda Rahi, *Deputy City Manager*

July 26, 1990

Donna Wegner  
218 Donohoe  
East Palo Alto, CA 94303

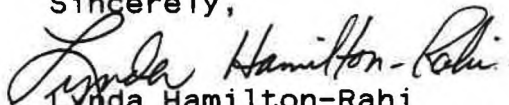
Dear Ms. Wegner

This letter is to acknowledge receipt of your July 3, 1990 letter and also, to confirm that we met July 6, 1990 in my office to discuss your rights to participate in the redevelopment of University Circle Project as an owner.

It is my understanding that you have no desire to present a proposal for development nor participate in an equity share. If I've misunderstood, please inform me of such in writing no later than August 3, 1990. Otherwise, I will assume my understanding is correct and no further follow-up regarding a proposed development or equity-share participation is required.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

  
Lynda Hamilton-Rahi  
Interim Executive Director

cc: Douglas Aikins  
Debra Churton

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# City of East Palo Alto

## Redevelopment Agency

Members of the Council  
William Vines, *Mayor*  
John Bostic, *Vice Mayor*  
Warnell Coats  
Pat Johnson  
Barbara A. Mouton

Stanley H. Hall, *City Manager*  
Lynda Rahi, *Deputy City Manager*

July 26, 1990

Mark Giovanzana  
1486 Hamilton Way  
San Jose, CA 95135

Dear Mr. Giovanzana:

In accordance with the City of East Palo Alto's Business & Owner Participation Rules, this letter acknowledges receipt of your July 11, 1990 letter and provides information as to the next steps required.

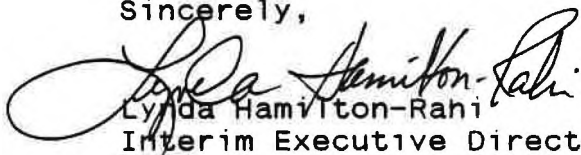
Understanding that your parents are interested in conforming to the City's redevelopment plans by possible redevelopment of the site they will need to submit the following:

1. Provide information as to the partners and their percentage of ownership in the proposed development.
2. Submit a copy of the preliminary improvement plans.
3. Submit evidence of the owner's ability to finance the proposed development.

Submittal of these documents will aid in the review and further consideration of your application as an owner\participant\developer. This information should be provided no later than August 17, 1990.

Should you have any questions, please feel free to contact me.

Sincerely,

  
Lynda Hamilton-Rahi  
Interim Executive Director

cc: Debra Churton

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