

OPTION TO PURCHASE REAL ESTATE AND EASEMENTS

This OPTION AGREEMENT (this "Agreement") is entered into and made effective as of the "Effective Date" (as hereinafter defined), by and between the County of San Luis Obispo, having a principal business office at General Services Agency, Attn: Real Property Services, 1087 Santa Rosa Street, San Luis Obispo, CA 93408 (hereinafter referred to as "Owner") and Transitions Mental Health Association, a 501(c)(3) nonprofit California corporation, having a principal business office at 784 High Street, San Luis Obispo, CA 93401, (hereinafter referred to as "Optionee").

RECITALS

WHEREAS, Owner is the owner of certain real property located in the City of San Luis Obispo, County of San Luis Obispo, State of California, which consists of approximately One and Thirty Two/One Hundredths (1.32) acres, as legally described on Exhibit A-1 attached hereto and depicted on Exhibit A-2 attached hereto (the "Property") (said 1.32 acre parcel of land, together with all of Owner's interests in and to the improvements thereon and all rights, including but not limited to development rights pertaining thereto but specifically excluding that certain abandoned sewer pipe and the abandoned electrical line with remaining power poles, is hereinafter referred to as the "Land"), and Owner desires (i) to grant Optionee an option to purchase the Property and (ii) to grant Optionee certain easements and rights relating to the Property with respect to certain real property owned by Owner (the "Easement Property") as legally described on Exhibits A-3 and A-5 attached hereto and depicted on Exhibits A-4 and A-6 attached hereto (the "Easements");

WHEREAS, a building consisting of two stories and approximately 8,000 square feet is located on the Land (the "Building"). Together, the Land and the Building are hereinafter referred to as the "Property."

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

TERMS

- 1. Recitals.** The recitals set forth above are hereby incorporated herein as though fully set forth herein.
- 2. Option.** For and in consideration of ONE THOUSAND dollars (\$1,000.00) and other good and valuable consideration, delivered on or around the Effective Date, the receipt and sufficiency of which is acknowledged by Owner, Owner hereby grants to Optionee an exclusive right and option to purchase the Property and obtain the Easements at the purchase price and on the terms and conditions hereinafter set out (the "Option").
- 3. Purchase Price.** The aggregate purchase price for the Property and Easements shall be the sum of ONE HUNDRED dollars (\$100.00), and shall be paid to Owner upon the execution, acknowledgement and delivery to Optionee of (i) the Grant Deed (as is hereinafter defined) conveying the Property to Optionee or a permitted assignee and (ii) the Easement Document (as is hereinafter defined) granting the Easements to Optionee or a permitted assignee.
- 4. Option Term.** The term of the Option herein granted is for an initial period commencing on the Effective Date and expiring at midnight (12:00 AM), Pacific Time, sixty (60) months after the Effective Date. The term of the Option shall be hereinafter referred to as the "Option Term." The Option shall be exercised, if at all, by the following: (a) Optionee's delivery to Owner of written notice of its

exercise of the Option and (b) evidence of Optionee's funding commitment for completion of the Project (as hereinafter defined in Paragraph 20) on the Property, in the form of a loan commitment, letter of intent, or other similar written documentation; and (c) evidence of final approval by the City of San Luis Obispo of a minor subdivision of the Property from the County real property. If the Option is not exercised by notice in writing prior to the expiration of the Option Term, this Option shall expire and the consideration paid therefor shall be retained by Owner.

5. **Consideration for Option; Payment to Owner.** Owner acknowledges receipt of full and adequate consideration for the Option; and no additional payments shall be required to maintain the Option or this Agreement, both of which shall remain in full force and effect for the duration of the Option Term, unless sooner terminated by Optionee.

6. **Notice; Exercise of Option.** All notices, including notice of election of Optionee to exercise the Option, shall be delivered to Owner in person or by a prepaid nationally recognized courier service or mailed to Owner by certified United States mail, postage prepaid, addressed to Owner at the address given in this Agreement, and the same shall be deemed to have been received on the day it is delivered or postmarked, as the case may be.

7. **No Obligation to Purchase.** Nothing in this Agreement is intended or shall operate to require or obligate Optionee to exercise this Option and purchase the Property or obtain the Easements. As a point of clarification, Optionee may, upon delivery of notice to Owner, terminate this Option at any time prior to the end of the Option Term and in the event of any such termination, Optionee's obligations under this Option shall terminate as the date of delivery of notice of termination to Owner.

8. **Title Insurance Commitment; Existing Surveys and Reports.** Within fifteen (15) days from the Effective Date, Optionee shall obtain a preliminary title report from First American Title Company ("Title Company"), dated no earlier than fifteen (15) days prior to the Effective Date, copies of all exceptions to title which are set forth in such preliminary title report, any existing surveys of the Property and Easement Property, and all other reports and studies of the Property and Easement Property.

9. **Access to Property.** From time to time from and after the Effective Date, Optionee shall have the right to enter upon the Property and Easement Property for the purpose of making such surveys, examinations, tests, inspections and other determinations as Optionee shall elect and at Optionee's sole cost and expense (collectively "Inspections"). Owner agrees to cooperate with Optionee in allowing Optionee and its agents to fully inspect the Property and Easement Property, which cooperation shall not be unreasonably withheld, delayed, or conditioned, and Owner will provide Optionee with a key to the Building that Optionee will return to Owner at the end of the Option term if the Option is not exercised. Optionee acknowledges that the Property is in a derelict and dangerous condition, including but not limited to the presence of asbestos and lead. Optionee acknowledges that entry onto and inspections of the Property and Easement Property is at its own risk and hereby releases Owner from any and all claims arising out of the condition of the Property and Easement Property other than claims arising out of the intentional misconduct of Owner or its agents.

10. **Indemnity for Optionee's Inspections.** Optionee agrees to indemnify, defend and hold Owner harmless of and from any and all loss or claim for liabilities, damages or injuries suffered or incurred by Owner as a result of any action or omission of Optionee or its agents or representatives, including but not limited to mechanics' and materialmens' liens, arising in connection with any Inspections conducted by Optionee on the Property or Easement Property; provided, however, that Optionee shall not, except to the extent that it or its agents or representatives exacerbates such condition, be required to indemnify or defend Owner for the mere discovery of any pre-existing condition or any hazardous or toxic materials, substances or waste (or other matters revealed as a result of such test or

inspections, or to the extent any loss or claim is contributed to by any action or omission of Owner. Asbestos and lead are acknowledged to be existing conditions on the Property. The foregoing indemnification agreement shall survive termination of this Agreement or the Closing, as applicable.

11. **Fencing and Insurance.** Within sixty (60) days after the Effective Date, Optionee shall install a fence around the Building and Optionee shall maintain such fence until the earlier of the termination or Closing of this Agreement. In addition to the foregoing, Optionee shall procure and maintain in force as of the Effective Date and until the earlier of the termination or Closing of this Agreement, commercial general liability insurance in amounts of not less than Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate, with an endorsement naming Owner as an additional insured. Optionee may, but shall not be required to, carry all risk or special form property insurance with respect to the Building. Except as expressly set forth in this Paragraph, Optionee shall not have any obligations with respect to the repair, maintenance, upkeep, provision of security for, or remediation of the Property or the Easement Property during the Option Term, except that Optionee shall perform weed abatement as required by the City of San Luis Obispo within the fenced perimeter. As an example but not a limitation of the foregoing sentence, Optionee shall not have any obligation to remediate during the Option Term any asbestos, lead, or other hazardous materials which are located on the Property.

12. **Title and Third Party Rights.** It is understood and agreed that the title herein required to be furnished in regards to the Property is fee simple title. As such Owner represent and warrants to Optionee that it owns the Property in fee simple, free and clear of all encumbrances except non-delinquent property taxes and non-monetary encumbrances of record as of the Effective Date, as shown on a preliminary title report issued by Title Company (the "Permitted Encumbrances").

13. **Taxes.** The real property taxes and assessments with respect to the Property shall be prorated as of the date of the delivery of the Grant Deed (as hereinafter defined) such that Owner will be responsible for (and shall pay) any such taxes and assessments with respect to the Property up to the time of Closing (as hereinafter defined) and Optionee will be responsible for taxes on the Property on and after the Closing Date.

14. **Deed.** Title to the Property shall be conveyed by a grant deed, in a form reasonably acceptable to Optionee (the "Grant Deed").

15. **Easement Document.** The Easements shall be granted by an easement document, in a form mutually agreed to by Owner and Optionee (the "Easement Document"), pursuant to which Owner will grant, convey and transfer to Optionee nonexclusive easements and rights on, over, under and across the Easement Property for the benefit of Optionee and the Property for, among other things, the following: (a) ingress and egress over and across the Easement Property ; and (b) the installation, construction, operation, maintenance, repair, replacement, improvement, utilization, removal and inspection of water, sewer, drainage, gas, power or communication lines, and other related facilities and fixtures, equipment and improvements. The Easement Document shall require Optionee to maintain the Easement Property and to insure and indemnify Owner in a form reasonably satisfactory to Owner. Maintenance obligation includes Optionee's obligation to maintain all pavement wherever Optionee's pavement is located with the following exceptions: (1) Owner shall maintain pavement in the extension of Bishop Street leading to the Probation Department's parking lot, from the True Point of Beginning (as depicted on Exhibit A-3 attached hereto) and ending at a distance 100 feet into the Easement Property; and (2) Optionee shall restore all paved areas wherever Optionee's easements are located, including in the Bishop extension area, to pre-construction condition following any construction activities by Optionee.

16. **Assignment.** Optionee shall not assign this Agreement, the Option or any of Optionee's rights or obligations hereunder, in whole or in part, at any time without the prior written consent of Owner. Optionee shall notify Owner, in writing, of any such proposed assignment and the name of the proposed assignee. Notwithstanding the forgoing, if Optionee desires to make such an assignment to the San Luis Obispo Housing Authority in connection with a partnership or joint venture with the San Luis Obispo Housing Authority, Owner's consent to such assignment shall not be unreasonably withheld, delayed, or conditioned.

17. **Casualty Loss.** In the event that the Building is totally destroyed by a fire or other casualty during the Option Term, Optionee shall have the option of either: (a) terminating this Option or (b) restoring the Building to substantially its condition immediately prior to the casualty, using any available insurance proceeds, including but not limited to those from any property insurance policy carried by Optionee pursuant to Paragraph 11 above, and otherwise at Optionee's cost.

18. **Condemnation.** In the event of a taking by condemnation or similar proceedings or actions of all of the Property, or any portion of the Property that, in Optionee's sole opinion, is material to the use of the remainder, Optionee shall have the option to terminate this Agreement upon written notice to Owner prior to Closing, in which event neither Optionee nor Owner shall have any further right or obligation hereunder except as expressly set forth herein as surviving the termination of this Agreement.

19. **Closing.** The sale of the Property and grant of the Easements shall be closed within forty-five (45) days after the exercise of the Option through the use of an escrow established at the San Luis Obispo office of First American Title Company or such other place to be mutually agreed ("Closing Date"); provided that if Owner cannot deliver title, as specified in Paragraph 12 above, subject only to the Permitted Encumbrances, the sale shall be closed within fifteen (15) days after the title is acceptable to Optionee ("Closing"). It shall be a condition precedent to Closing that Title Company issue a title policy to Optionee subject only to the Permitted Encumbrances. At least one (1) business day prior to Closing, Owner shall execute, acknowledge and deliver to Title Company the Grant Deed and the Easement Document in forms reasonably acceptable to Optionee, to Optionee. At least one (1) business day prior to Closing, each party also shall deliver such other customary closing and pre-closing documents as Optionee, Title Company, or Optionee's lender may reasonably require, including but not limited to, as applicable, closing statements, FIRPTAs, 1099s, and escrow instructions. All documentary transfer tax, title insurance costs, escrow fees, recording costs, and other closing expenses shall be paid by Optionee.

20. **Submittals; Cooperation; Further Assurances.** Prior to submitting any permit applications to the City of San Luis Obispo, Optionee shall submit such applications to the Owner and the Owner shall review such applications for the purpose of confirming that the project being applied for by Optionee ("Project") meets the parameters set forth in Exhibit B attached hereto (the "Project Parameters"). At Optionee's sole cost and expense, Owner shall cooperate with any request made by Optionee which complies with the Project Parameters including, but not limited to, any re-zoning of the Property, subdivision of the Property or other similar procedures related to the Property that would be required for Optionee's intended use of all or any part the Property, including, without limitation, the execution of any relevant applications, which cooperation shall not be unreasonably withheld, delayed, or conditioned. To the extent that any permits or other governmental approvals are issued to Owner as a result of Optionee's development activities, Owner shall cooperate with Optionee to transfer such permits or governmental approvals to Optionee at Closing at Optionee's sole cost and expense, which cooperation shall not be unreasonably withheld, delayed, or conditioned.

21. **Restrictive Covenant.** Concurrently with Optionee's acquisition of the Property, Optionee shall cause a restrictive covenant, substantially in the form attached as Exhibit C (the "Restrictive Covenant"), to be recorded on title to the Property, which shall require the owner of the

Property to: (a) use the Property as affordable housing for the mentally disabled population, and related and ancillary uses such as offices for staff and counseling; and (b) within 24 months after the Closing, clean and refurbish the exterior of the Building and thereafter preserve (subject to ordinary wear and tear), and agree not to materially alter, the exterior appearance of the Building, and in the event that the Building is destroyed at any time during the fifty (50) year period immediately following the Closing, restore and preserve the Building in substantial conformity to its exterior appearance as preserved and (c) within 36 (thirty-six) months after the Closing, the Building remodel project shall be substantially completed and Optionee shall have obtained a certificate of occupancy from the City of San Luis Obispo.

22. **Title and Possession; No Contracts.** Owner represents and warrants to Optionee that it owns the Property and that no person or entity other than Owner is entitled to possession of the Property or any parts thereof. Owner represents and warrants that there is no dispute, claim, or legal proceeding pending, or, to Owner's knowledge, threatened, against or with respect to the Property. Owner represents and warrants to Optionee that the Property will not be encumbered by any contracts, including but not limited to service contracts, management contracts, or brokerage contracts on the Closing Date.

23. **Authority.** Owner and Optionee each represents and warrants to the other that entering into this Option is within its authority, does not violate any agreement to which it is a party, and does not require the consent of any other person. Furthermore, each person executing this Option on behalf of Owner and Optionee represents and warrants that such person is duly and validly authorized to do so and that Owner and Optionee, as applicable, has the full right and authority to enter into this Option, perform all of its duties and obligations hereunder.

24. **Commissions.** Each party represents to the other that it has not retained or otherwise dealt with a real estate agent or broker in connection with the purchase of the Property contemplated by this Agreement. Each party shall indemnify and hold harmless the other from and against any and all liabilities arising from any claims relating to real estate commissions which claims are caused or incurred by it.

25. **Governing Law.** The terms and conditions of this Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of California.

26. **Memorandum of Option.** Owner agrees to execute, in recordable form, a Memorandum of Option in the form attached hereto as Exhibit D (the "Memorandum"), and Optionee may record the Memorandum in the land records of the County in which the Property is located to provide record notice of this Option. Within fifteen (15) days of the expiration or earlier termination of this Option, Optionee shall execute, in recordable form, and deliver to Owner a Release of Option in a form reasonably satisfactory to Owner.

27. **Successors and Assigns.** This Agreement shall be binding upon, and shall inure to the benefit of, the personal representatives, executors, administrators, heirs and assigns of Owner and Optionee.

28. **As-Is Purchase.** Optionee hereby acknowledges that Optionee's exercise of the Option and purchase of the Property is "as is" and solely in reliance on Optionee's own investigation of the Property, and that no representations or warranties of any kind whatsoever, express or implied, have been made by Owner with respect to the nature and condition of the Property including without limitation, soil, geology, environmental conditions (including hazardous materials), the development potential of the Property, the compliance of the Property or its operation or the intended operation of the Property with any laws, ordinances, zoning, or regulations of any governmental body, or **SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION,**

HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. Optionee acknowledges that the Building is structurally unsound and in a derelict and dangerous condition, including but not limited to the presence of asbestos and lead, and has been padlocked and posted *No Trespassing* and *Asbestos Exposure – Keep Out*.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representative with their respective signatures below and all future reference to the date of this Agreement (the "Effective Date") shall be as of the date of the last signature set forth below.

Owner:

THE COUNTY OF SAN LUIS OBISPO

By: _____
Chairperson of the Board of Supervisors

Approved by the Board of Supervisors this
_____ day of _____, 2014.

ATTEST:

Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: _____
Chief Deputy County Counsel

Date: 3/17/14

Optionee:

**TRANSITIONS MENTAL HEALTH
ASSOCIATION,
a California corporation**

By: _____
Name: JAMES T. HAAS
Title: BOARD PRESIDENT
Date: MARCH 5, 2014

By: _____
Name: CAROL ARMSTRONG
Title: BOARD SECRETARY
Date: MARCH 6, 2014

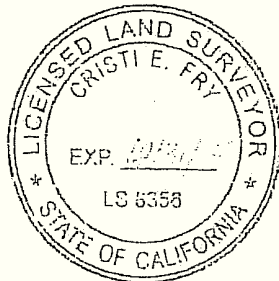
EXHIBIT "A-1"**Legal Description
for
OPTION AREA**

Being located in a portion of Lot 13, of the Deleissiguez Tract in the City of San Luis Obispo as surveyed by H.G. Ward, August 1876, per map recorded in Book A, Page 95 of Maps on file in the office of the County Recorder, San Luis Obispo County, California, said portion of Lot 13 also shown on Record of Survey recorded in Book 68, Page 24 of Licensed Surveys on file in the office of said County Recorder and being more particularly described as follows:

Beginning at a point in said Lot 13 distant S 69°28'27" E 199.41 feet from a 2-inch iron pipe at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder from which a 3/4 inch iron pipe, tagged "LS 5201", at an angle point in the southeast line of Lot 6 of said Tract No. 118 bears N 68°21'42" E 217.18 feet; then N 37°37'39" E 149.68 feet; thence N 70°30'33" E 94.50 feet; thence S 42°43'50" E 89.38 feet; thence S 18°58'18" E 78.84 feet; thence S 8°17'28" E 42.68 feet; thence S 41°54'15" W 110.13 feet; thence S 36°23'10" E 31.23 feet; thence S 49°18'42" W 94.75 feet to the beginning of a non-tangent 35.26 foot radius curve, through which a radial line bears S 16°53'42" W; thence northwesterly along said curve, an arc length of 20.02 feet, through a central angle of 32°31'59" to the beginning of a reverse non-tangent 358.67 foot radius curve, through which a radial line bears N 49°25'40" E; thence northwesterly along said curve, an arc length of 145.95 feet, through a central angle of 23°18'52" to the beginning of a reverse non-tangent 46.55 foot radius curve, through which a radial line bears S 37°24'20" W; thence northwesterly along said curve, an arc length of 51.05 feet, through a central angle of 62°50'16" to the beginning of a reverse non-tangent 37.57 foot radius curve, through which a radial line bears S 73°34'52" E; thence northwesterly along said curve, an arc length of 42.81 feet, through a central angle of 65°16'37" to the point of beginning.

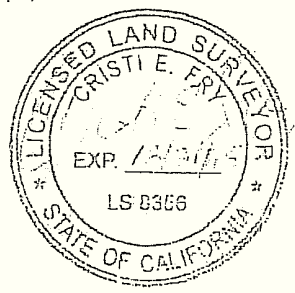
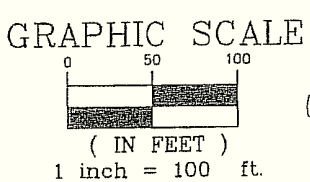
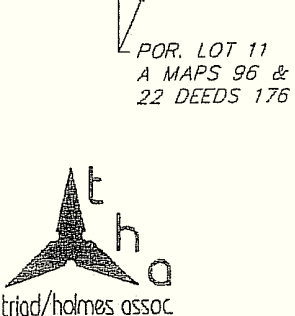
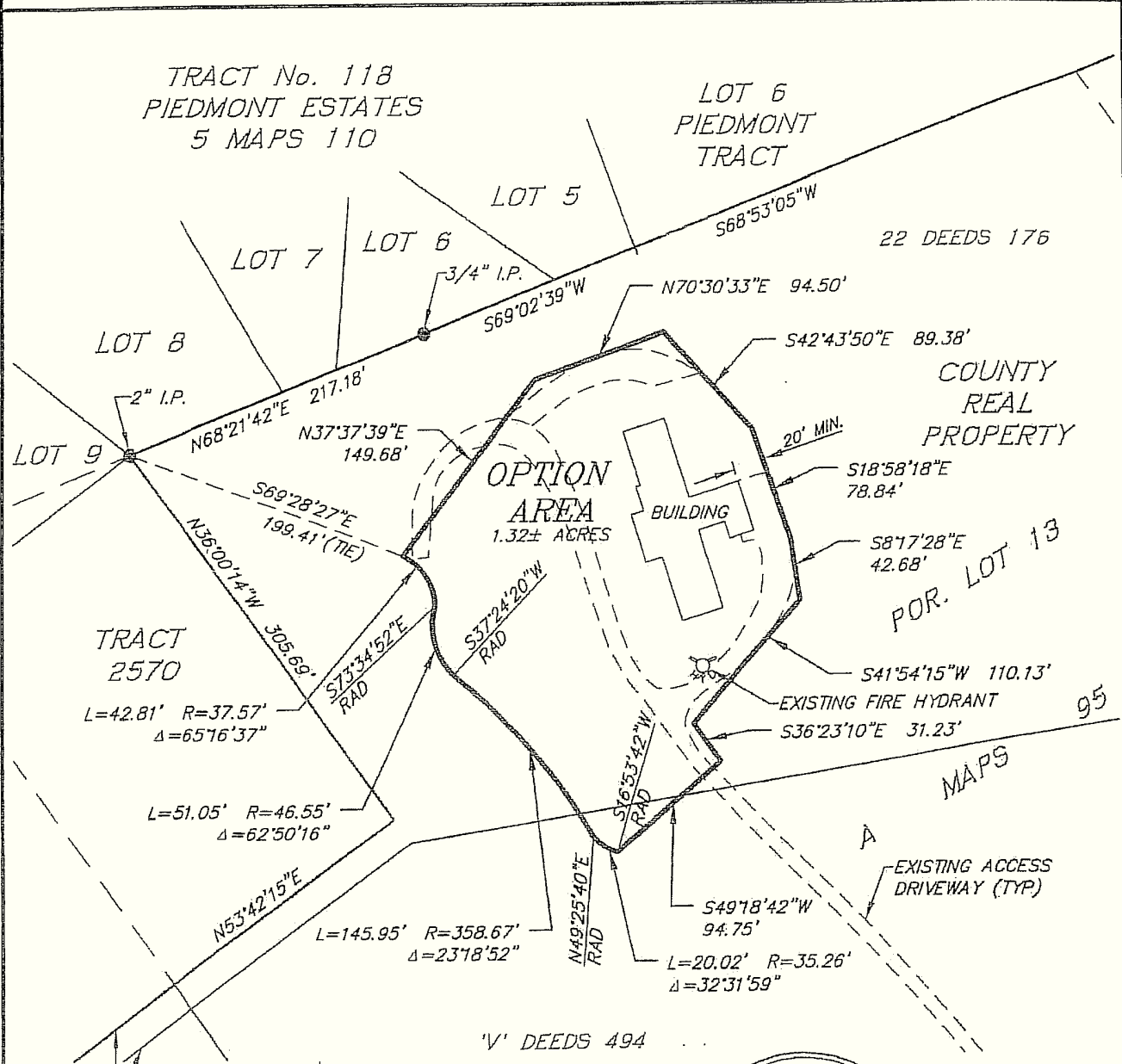
Containing: 1.32 acres more or less

Legal Description prepared by or under the supervision of:



Cristy E. Fry
Cristy E. Fry, LS 8356

EXHIBIT A-2 - DEPICTION OF PROPERTY
 EXHIBIT "A-2"
 OPTION AREA



11.00330.3

EXHIBIT A-3- DESCRIPTION OF ACCESS AND UTILITY EASEMENT

1/27/14 CF

EXHIBIT "A-3"

Legal Description

for

Easement Property

A strip of land 22.00 feet wide, located within Lot 13 of the Deleissiguez Tract, in the City of San Luis Obispo, County of San Luis Obispo, State of California, as shown on map by H.C. Ward, filed September 7, 1876 in Book "A", Page 95 of Maps, in the office of the Recorder of said County, lying 11.00 feet on each side of the following described centerline:

Commencing from a found city monument, being a brass pin set in street monument well, at an angle point in the centerline of Bishop Street right-of-way as shown on Parcel Map SLOAL 89-191, filed October 18, 1991 in Book 48, Page 81 of Parcel Maps, in the office of said County Recorder; thence along said centerline, N 48°27'10" E 288.15 feet to a found 1-inch iron pipe; thence along a curve to the left with an 80.00 radius, through a central angle of 20°39'22", an arc length of 28.84 feet; thence, along a reverse curve to the right with a 60.00 foot radius, through a central angle of 30°48'00", an arc length of 32.25 feet; thence leaving said centerline, along a radial, N 31°24'12" W 35.00 feet to the northerly boundary of said Bishop Street right-of-way; thence leaving said right-of-way N 33°17'00" W 31.93 feet; thence along a curve to the right with a 41.00 foot radius, through a central angle of 74°53'38", an arc length of 53.59 feet; thence N 33°20'44" W 109.44 feet; thence N 56°20'31" E 238.11 feet; thence S 23°51'39" E 48.68 feet, hereinafter referred to a "Course A"; thence S 17°33'23" E 181.77 feet, hereinafter referred to as "Course B"; thence, along a curve to the right with a 30.00 foot radius, through a central angle of 74°21'42", an arc length of 38.94 feet, hereinafter referred to as "Course C"; thence S 56°48'19" W 96.08 feet to a point on a 95.00 foot non-tangent curve to the right on the boundary of said Bishop Street right-of-way, through which a radial line bears N 36°33'01" E, herein after referred to as "Course D"; thence southeasterly along said right-of way, through a central angle of 6°56'02", an arc length of 11.50 feet to a point on a parallel line, distant southeasterly 11.00 feet, measured at right angles from said "Course D"; said point being the TRUE POINT OF BEGINNING;

Thence along said parallel line N 56°48'19" E 92.76 feet to the beginning of a tangent 41.00 foot radius curve to the left, said curve concentric with said "Course C"; thence along said curve, through a central angle of 74°21'42", an arc length of 53.21 feet to a point on a parallel line, distant easterly 11.00 feet, measured at right angles from said "Course B"; thence along said parallel line N 17°33'23" W 182.38 feet to a point on a parallel line, distant easterly 11.00 feet, measured at right angles from said "Course A";

EXHIBIT "A-3"

Legal Description

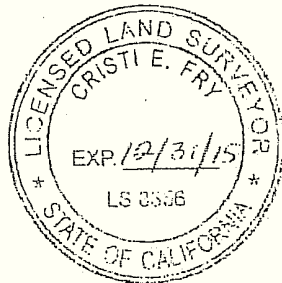
for

Easement Property
(continued...)

thence along said parallel line and its northwesterly prolongation N 23°51'39" W 60.24 feet; thence along a curve to the left with a 1,756.00 foot radius, through a central angle of 6°27'12", an arc length of 197.78 feet; thence N 44°14'49" W 134.33 feet to a point in the southerly boundary of the Option Area described herein, distant S 61°14'47" E 451.30 feet from a 2-inch iron pipe at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder, and said centerline there terminating.

Containing: 15,846 square feet, more or less

Legal Description prepared by or under the supervision of:




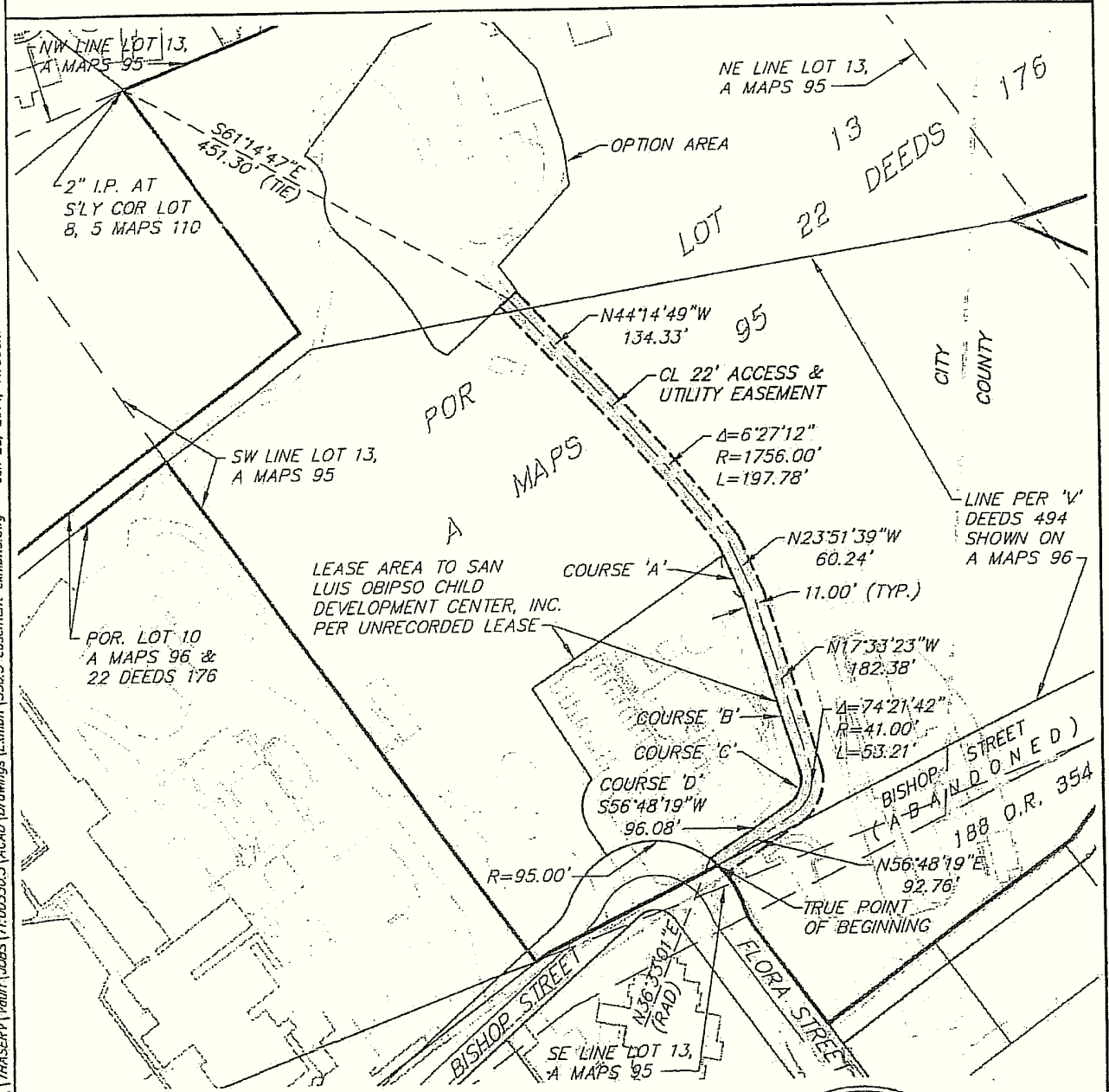

Cristi E. Fry, LS 8356

EXHIBIT A-4 - DEPICTION OF ACCESS AND UTILITY EASEMENT

EXHIBIT "A-4"

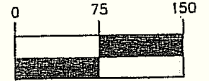
ACCESS AND UTILITY EASEMENT EXHIBIT



user=Administrator <<C:\D...Imperial>> | |THASERY|Vault\JOBS\11.00330.3\ACAD\Drawings\Exhibit\330.3 easement exhibits.dwg Jan 28, 2014, 11:33am



GRAPHIC SCALE



(IN FEET)
1 inch = 150 ft.

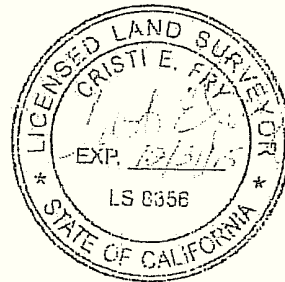


EXHIBIT "A-5"

Legal Description

for

Power Easement

That 10.00-foot wide strip of land lying within those portions of Lot 13 of the Deleissiguez Tract in the City of San Luis Obispo as surveyed by H.G. Ward, August 1876, per map recorded in Book A, Page 95 of Maps on file in the office of the County Recorder, San Luis Obispo County, California, and Lot 10 of the Deleissiguez Tract in the City of San Luis Obispo filed January 7, 1887 in Book A, Page 96 of Maps in the office of the County Recorder, more particularly described as follows:

Beginning at an angle point in the northerly boundary of that property described in deed to the County of San Luis Obispo filed in Volume 22, Page 176 of Deeds on January, 3, 1894 in the office of said County Recorder, at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder, said point also shown on Record of Survey filed in Book 68, Page 24 of Licensed Surveys in the office of said County Recorder as being marked by a 2-inch iron pipe; thence along said boundary of said property described in said deed to the County of San Luis Obispo, S 36°00'14" E 305.69 feet to an angle point in said boundary and the TRUE POINT OF BEGINNING; thence along said boundary S 53°42'15" W 635.19 feet to the northeast line of Johnson Street as shown on said Record of Survey; thence along said northeast line S 36°34'42" E 10.00 feet; thence N 53°42'15" E 738.18 feet to a point in a 358.67 foot curve in the southwesterly boundary of the Option Area described herein, through which a radial line bears N47°41'45" E; thence northwesterly, along said curve, an arc length of 10.07 feet through a central angle of 1°36'32"; thence S 53°42'15" W 101.84 feet to the TRUE POINT OF BEGINNING.

Containing: 7,377 square feet, more or less

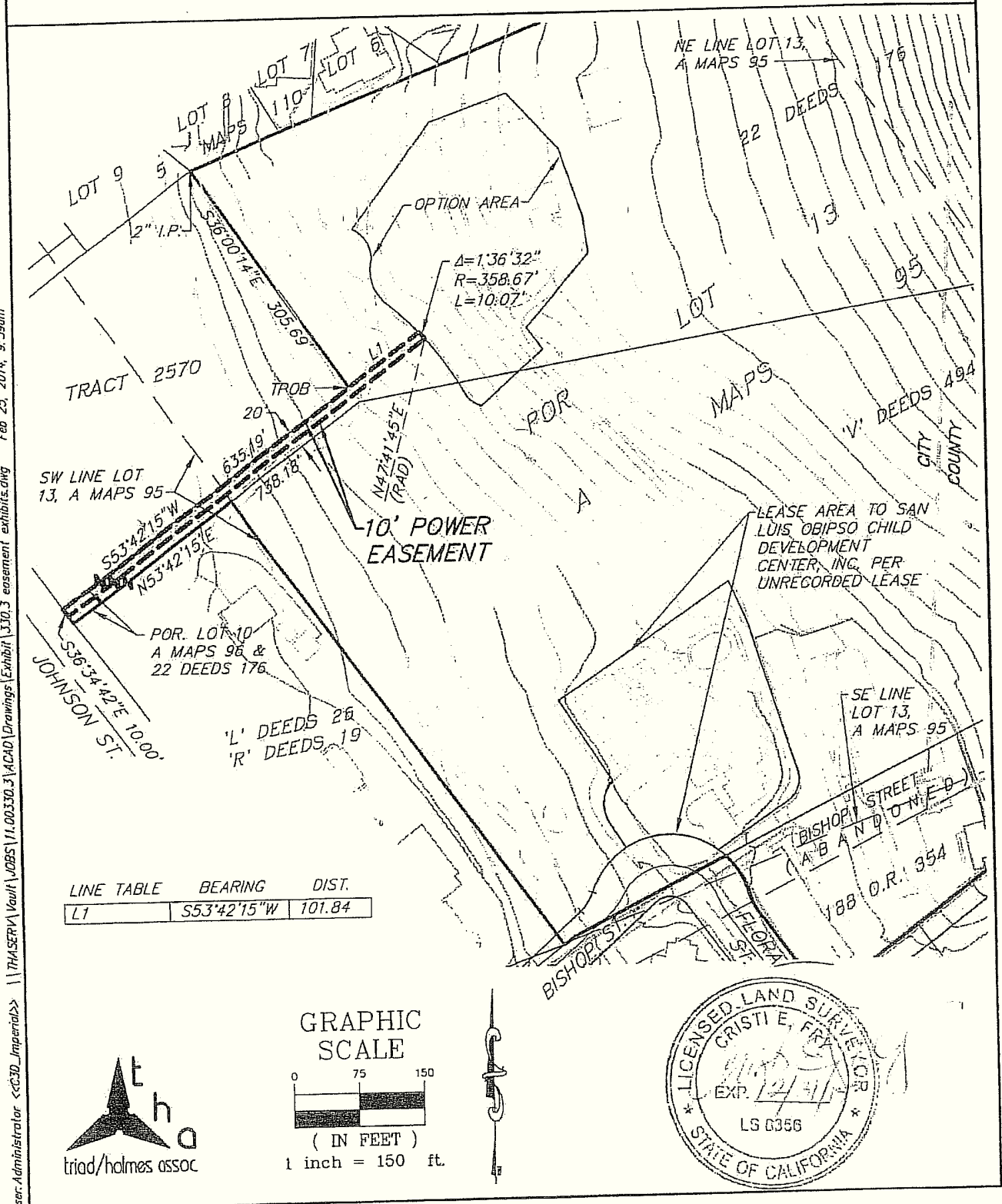


Legal Description prepared by or under the supervision of:

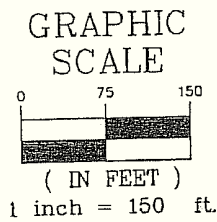
Cristi E. Fry
Cristi E. Fry, LS 8356

EXHIBIT A-6 - DEPICTION OF POWER EASEMENT

EXHIBIT "A-6"
POWER EASEMENT EXHIBIT



LINE TABLE	BEARING	DIST.
L1	S53°42'15"W	101.84



user: Administrator <<C3D_Imperial>> || THASERV\Vault\JOBS\11.00330.3\ACAD\Drawings\Exhibit\310.3 easement exhibits.dwg Feb 23, 2014, 9:39am

EXHIBIT B – PROJECT PARAMETERS

1. The Project shall not include more than 3 additional buildings (in addition to the existing Building).
2. The Project may not include more than 35 residential units.
3. The Project shall include an “onsite” property manager. The property manager shall either live on the Property or shall work substantially full time on the Property and, in either case, the property manager shall not be required to remain on the Property at all times.
4. Within 36 (thirty-six) months after the Closing, the Building remodel project shall be substantially completed and Optionee shall have obtained a certificate of occupancy from the City of San Luis Obispo.
5. The Project shall include Owner granting to Optionee an access and utility easement (the “Access and Utility Easement”) and an electrical easement (the “Power Easement”) over and under the Easement Property described and depicted on Exhibit A-3 and Exhibit A-5, respectively, attached to this Agreement. Optionee shall be responsible for the initial cost of installing and paving a road on the Access and Utility Easement area and Owner shall not be responsible for such installation or paving costs or for the cost of installing utilities for Optionee in the Easement Property except as described in Paragraph 15 of this Agreement. In connection with Optionee’s determination of the location for the sewer lines, Owner shall consider a proposed alternative sewer easement location provided that such new sewer easement location does not adversely impact County real property in the Owner’s sole discretion. In the event the parties agree to an alternative sewer easement location, the parties shall exchange an easement deed and a quitclaim deed for the original and replacement sewer easements. In addition to the foregoing, the Optionee shall be required to make the modifications to the probation department parking lot which are shown on Exhibit B-2 attached hereto and, following such modifications, the circulation of such parking lot shall meet the City code requirements. Optionee shall not have any obligation to maintain, repair, or renovate such parking lot except for the area within the Access and Utility Easement, as provided in Paragraph 15.
6. The Access Easement and Utility Easement and the Power Easement shall be non-exclusive to Optionee and may, so long as such use does not unreasonably impair Optionee’s use, be used by the Owner and by successor owners of the County real property. The Access and Utility Easement and the Power Easement improvements thereon may be relocated by Owner at any time in Owner’s sole discretion and sole expense only to the property line of the Land provided that Optionee may continue to use the original Access and Utility Easement and Power Easement until such relocation is completed. All costs associated with Optionee’s connection to the relocated utilities shall be at Optionee’s expense.
7. For so long as the County owns all of the County real property, Optionee shall bear all maintenance, repair and other costs associated with the Access and Utility Easement, including pavement maintenance as described in Paragraph 15 of this Agreement, to Owner’s reasonable satisfaction. Upon the transfer of all or any portion of the County real property, the transferee of such County real property shall assume responsibility for its pro rata share of the maintenance, repair, and replacement costs; provided, however, that any such future transferee whose parcel does not benefit from the Access Easement shall not be responsible for any costs related to the Access Easement.
8. The Project shall include the restoration and preservation of the existing Sunny Acres Building in substantial conformity to its exterior appearance as of the date hereof, after the exterior of the Building has been cleaned and refurbished. Project design, building sites, architectural design, and landscape

screening shall require approval by the County General Services Agency Director prior to submittal to the City of San Luis Obispo. Such approval shall not be unreasonably withheld, delayed, or conditioned.

9. Prior to Optionee exercising the Option to Purchase, Optionee shall, at its sole cost and expense, process and obtain approval from the City of San Luis Obispo of a minor subdivision of the Property from the County real property.

10. Except as set forth in Paragraph 6 above, all costs and expenses associated with the Project shall be the sole obligation of the Optionee; provided, however, that Optionee shall not be required to pay for Owner's staff time, including but not limited to Owner's legal and engineering staff. Optionee shall comply with all laws, ordinances, rules and regulations in its development of the Project, including but not limited to, laws related to the payment of prevailing wages.

EXHIBIT B-2 - PROBATION PARKING LOT DEPICTION

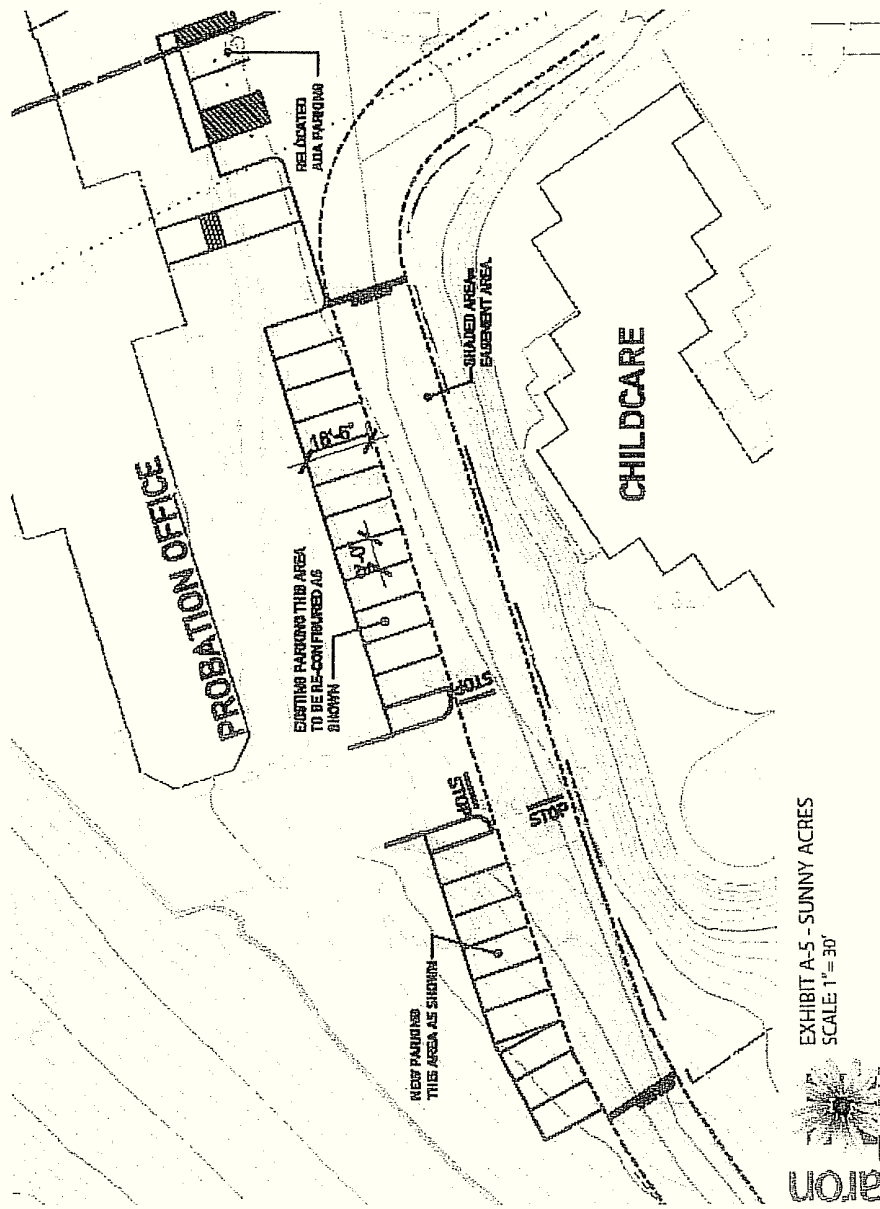


EXHIBIT A-5 - SUNNY ACRES
SCALE 1" = 30'



EXHIBIT C – FORM OF RESTRICTIVE COVENANT

The Grant Deed and Easement Document shall be subject to the following restrictions:

- I. Use of the Property as shall be limited to affordable housing for the mentally disabled population and related and ancillary uses such as offices for staff and counseling.
- II. Within 24 months after recordation of the Grant Deed, the exterior of the existing Sunny Acres building shall be cleaned and refurbished and shall thereafter be preserved, subject to ordinary wear and tear.
- III. Within 36 months after recordation of the Grant deed, the Building remodel project shall be substantially completed and Optionee shall have obtained a certificate of occupancy from the City of San Luis Obispo.
- IV. The exterior appearance of the existing Sunny Acres building shall not be materially altered, and in the event that the existing Sunny Acres building is destroyed at any time during the fifty (50) year period immediately following the recordation of the Grant Deed, the existing Sunny Acres building shall be restored and preserved in substantial conformity to its exterior appearance as preserved.
- V. Should any of the above restrictions be violated, ownership of the Property and all improvements thereon, whether existing at the time of the recordation of the Grant Deed or constructed thereafter, shall immediately revert to the County of San Luis Obispo.

EXHIBIT D – FORM OF MEMORANDUM

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Clerk of the Board of Supervisors
County of San Luis Obispo
1055 Monterey Street
San Luis Obispo, CA 93408

COUNTY BUSINESS- FREE. THIS DOCUMENT PRESENTED FOR RECORDING PURSUANT TO GOVT. CODE SECTION 27383.

MEMORANDUM OF OPTION

This Memorandum of Option (this "Memorandum") is by and between Transitions Mental Health Association, a 501(c)(3) nonprofit California corporation (together with its successors and assigns, "Optionee"), and the County of San Luis Obispo ("Owner").

1. Reference is hereby made to that certain Option to Purchase Real Estate and Easements dated _____, 2014 (the "Agreement") between the Owner and Optionee, whereby, among other things, Owner granted to Optionee the option to acquire certain real property in the County of San Luis Obispo, State of California as legally described on Exhibit A-1 attached hereto and depicted on Exhibit A-2 attached hereto (the "Property") and certain easements and rights relating thereto on certain real property in the County of San Luis Obispo, State of California as legally described on Exhibits A-3 and A-5 attached hereto and depicted on Exhibits A-4 and A-6 attached hereto (the "Easement Property"), in accordance with the Agreement.

2. The parties have executed and recorded this Memorandum for the purpose of imparting notice to all third parties of the Agreement and the parties' rights and obligations therein. This Memorandum and the Agreement shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns, and shall be rights and obligations running with the Property and the Easement Property. This Memorandum does not provide a complete summary of the Agreement.

3. The terms of the Agreement are incorporated into this Memorandum by this reference as if fully set forth herein. Reference should be made to the Agreement for the full terms and conditions thereof. If and to the extent that any of the provisions of the Agreement conflicts with the terms of this Memorandum, the Agreement shall control in all respects.

4. This Memorandum and the Agreement are governed by California law.

5. This Memorandum may be executed in any number of counterparts, all of which together shall constitute one instrument.

6. Within 45 days of expiration of the Option term, Optionee shall deliver to Owner a quitclaim deed in recordable form terminating Optionee's rights in the Option.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF, Owner and Optionee have executed this Memorandum as of the dates of the notary acknowledgements below.

Owner:

THE COUNTY OF SAN LUIS OBISPO

By: _____
Chairperson of the Board of Supervisors

Approved by the Board of Supervisors this
_____ day of _____, 2014.

ATTEST:

Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: _____
Chief Deputy County Counsel

Date: _____

Optionee:

**TRANSITIONS MENTAL HEALTH ASSOCIATION,
a California corporation**

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

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN LUIS OBISPO)

On _____, before me, _____ Deputy
County Clerk-Recorder, County of San Luis Obispo, State of California, personally
appeared _____, who proved to me on the basis of
satisfactory evidence to be the person whose name is subscribed to the within instrument
and acknowledged to me that **he/she** executed the same in his/her authorized capacity,
and that by **his/her** signature on the instrument the person, or the entity upon of which
the person acted, executed the instrument.

I certify under Penalty of Perjury under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Clerk-

JULIE L. RODEWALD, County

Recorder and Ex-Officio Clerk of
the Board of Supervisors

By:

Recorder

Deputy County Clerk-

(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN LUIS OBISPO)

On _____, 2014, before me, _____, personally appeared _____ who 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), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN LUIS OBISPO)

On _____, 2014, before me, _____, personally appeared _____ who 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), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

(SEAL)

EXHIBIT "A-1"

Legal Description
for
OPTION AREA

Being located in a portion of Lot 13, of the Deleissiguez Tract in the City of San Luis Obispo as surveyed by H.G. Ward, August 1876, per map recorded in Book A, Page 95 of Maps on file in the office of the County Recorder, San Luis Obispo County, California, said portion of Lot 13 also shown on Record of Survey recorded in Book 68, Page 24 of Licensed Surveys on file in the office of said County Recorder and being more particularly described as follows:

Beginning at a point in said Lot 13 distant S 69°28'27" E 199.41 feet from a 2-inch iron pipe at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder from which a 3/4 inch iron pipe, tagged "LS 5201", at an angle point in the southeast line of Lot 6 of said Tract No. 118 bears N 68°21'42" E 217.18 feet; then N 37°37'39" E 149.68 feet; thence N 70°30'33" E 94.50 feet; thence S 42°43'50" E 89.38 feet; thence S 18°58'18" E 78.84 feet; thence S 8°17'28" E 42.68 feet; thence S 41°54'15" W 110.13 feet; thence S 36°23'10" E 31.23 feet; thence S 49°18'42" W 94.75 feet to the beginning of a non-tangent 35.26 foot radius curve, through which a radial line bears S 16°53'42" W; thence northwesterly along said curve, an arc length of 20.02 feet, through a central angle of 32°31'59" to the beginning of a reverse non-tangent 358.67 foot radius curve, through which a radial line bears N 49°25'40" E; thence northwesterly along said curve, an arc length of 145.95 feet, through a central angle of 23°18'52" to the beginning of a reverse non-tangent 46.55 foot radius curve, through which a radial line bears S 37°24'20" W; thence northwesterly along said curve, an arc length of 51.05 feet, through a central angle of 62°50'16" to the beginning of a reverse non-tangent 37.57 foot radius curve, through which a radial line bears S 73°34'52" E; thence northwesterly along said curve, an arc length of 42.81 feet, through a central angle of 65°16'37" to the point of beginning.

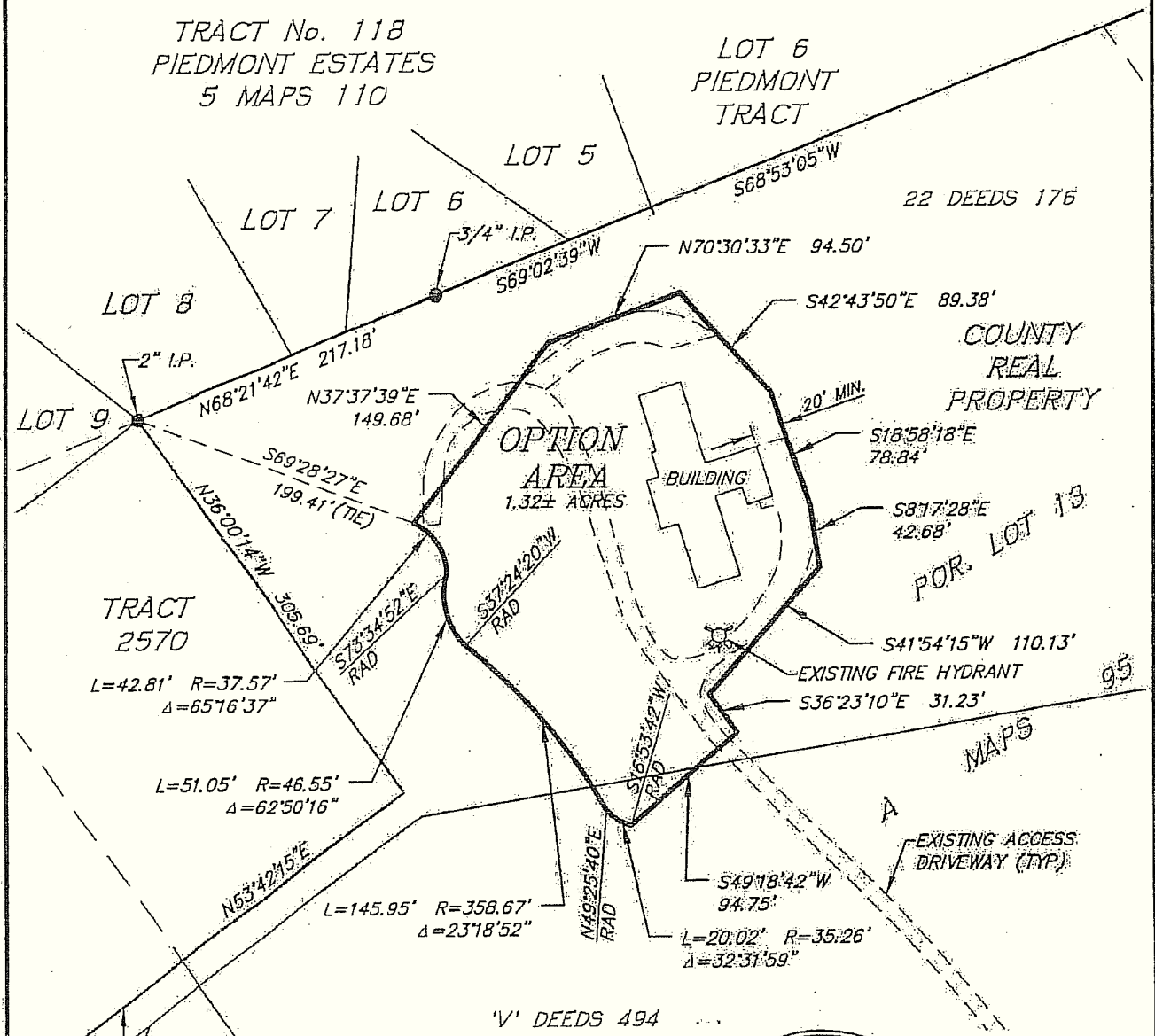
Containing: 1.32 acres more or less

Legal Description prepared by or under the supervision of:



Cristie E. Fry
Cristie E. Fry, LS 8356

EXHIBIT A-2 - DEPICTION OF PROPERTY
 EXHIBIT "A-2"
 OPTION AREA



GRAPHIC SCALE



(IN FEET)
 1 inch = 100 ft.



11:00330.3

EXHIBIT A-3- DESCRIPTION OF ACCESS AND UTILITY EASEMENT

1/27/14 CF

EXHIBIT "A-3"

Legal Description

for

Easement Property

A strip of land 22.00 feet wide, located within Lot 13 of the Deleissiguez Tract, in the City of San Luis Obispo, County of San Luis Obispo, State of California, as shown on map by H.C. Ward, filed September 7, 1876 in Book "A", Page 95 of Maps, in the office of the Recorder of said County, lying 11.00 feet on each side of the following described centerline:

Commencing from a found city monument, being a brass pin set in street monument well, at an angle point in the centerline of Bishop Street right-of-way as shown on Parcel Map SLOAL 89-191, filed October 18, 1991 in Book 48, Page 81 of Parcel Maps, in the office of said County Recorder; thence along said centerline, N 48°27'10" E 288.15 feet to a found 1-inch iron pipe; thence along a curve to the left with an 80.00 radius, through a central angle of 20°39'22", an arc length of 28.84 feet; thence, along a reverse curve to the right with a 60.00 foot radius, through a central angle of 30°48'00", an arc length of 32.25 feet; thence leaving said centerline, along a radial, N 31°24'12" W 35.00 feet to the northerly boundary of said Bishop Street right-of-way; thence leaving said right-of-way N 33°17'00" W 31.93 feet; thence along a curve to the right with a 41.00 foot radius, through a central angle of 74°53'38", an arc length of 53.59 feet; thence N 33°20'44" W 109.44 feet; thence N 56°20'31" E 238.11 feet; thence S 23°51'39" E 48.68 feet, hereinafter referred to a "Course A"; thence S 17°33'23" E 181.77 feet, hereinafter referred to as "Course B"; thence, along a curve to the right with a 30.00 foot radius, through a central angle of 74°21'42", an arc length of 38.94 feet, hereinafter referred to as "Course C"; thence S 56°48'19" W 96.08 feet to a point on a 95.00 foot non-tangent curve to the right on the boundary of said Bishop Street right-of-way, through which a radial line bears N 36°33'01" E, herein after referred to as "Course D"; thence southeasterly along said right-of way, through a central angle of 6°56'02", an arc length of 11.50 feet to a point on a parallel line, distant southeasterly 11.00 feet, measured at right angles from said "Course D"; said point being the TRUE POINT OF BEGINNING;

Thence along said parallel line N 56°48'19" E 92.76 feet to the beginning of a tangent 41.00 foot radius curve to the left, said curve concentric with said "Course C"; thence along said curve, through a central angle of 74°21'42", an arc length of 53.21 feet to a point on a parallel line, distant easterly 11.00 feet, measured at right angles from said "Course B"; thence along said parallel line N 17°33'23" W 182.38 feet to a point on a parallel line, distant easterly 11.00 feet, measured at right angles from said "Course A";

EXHIBIT "A-3"

Legal Description

for

Easement Property

(continued...)

thence along said parallel line and its northwesterly prolongation N 23°51'39" W 60.24 feet; thence along a curve to the left with a 1,756.00 foot radius, through a central angle of 6°27'12", an arc length of 197.78 feet; thence N 44°14'49" W 134.33 feet to a point in the southerly boundary of the Option Area described herein, distant S 61°14'47" E 451.30 feet from a 2-inch iron pipe at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder, and said centerline there terminating.

Containing: 15,846 square feet, more or less

Legal Description prepared by or under the supervision of:

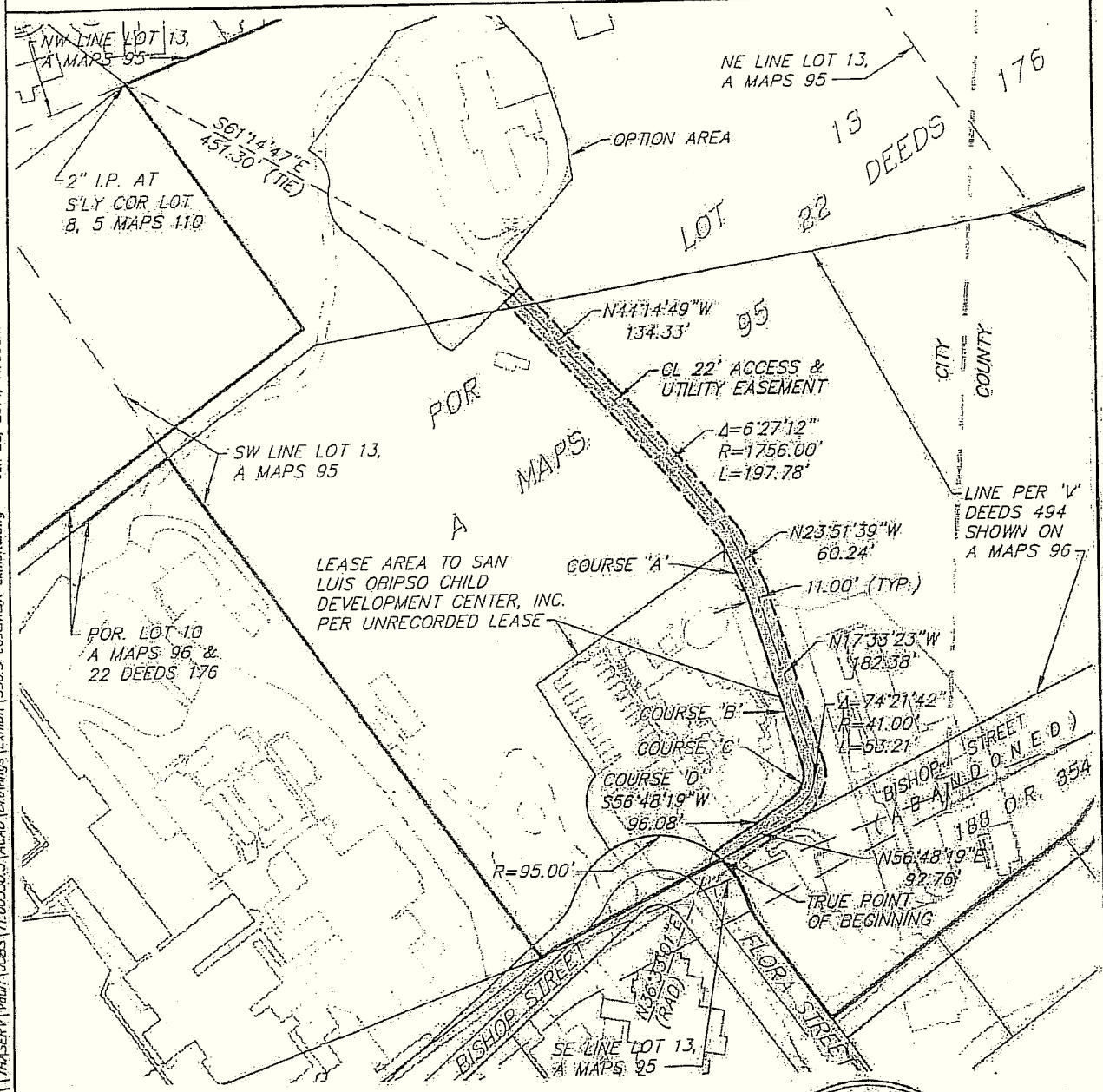


Cristi E. Fry, LS 8356

EXHIBIT A-4 - DEPICTION OF ACCESS AND UTILITY EASEMENT

EXHIBIT "A-4"

ACCESS AND UTILITY EASEMENT EXHIBIT



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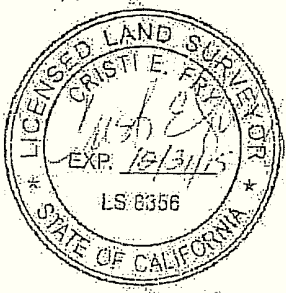
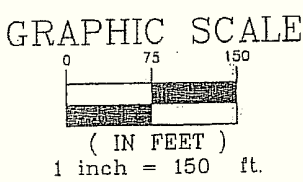


EXHIBIT "A-5"

Legal Description

for

Power Easement

That 10.00-foot wide strip of land lying within those portions of Lot 13 of the Deleissiguez Tract in the City of San Luis Obispo as surveyed by H.G. Ward, August 1876, per map recorded in Book A, Page 95 of Maps on file in the office of the County Recorder, San Luis Obispo County, California, and Lot 10 of the Deleissiguez Tract in the City of San Luis Obispo filed January 7, 1887 in Book A, Page 96 of Maps in the office of the County Recorder, more particularly described as follows:

Beginning at an angle point in the northerly boundary of that property described in deed to the County of San Luis Obispo filed in Volume 22, Page 176 of Deeds on January, 3, 1894 in the office of said County Recorder, at the most southerly corner of Lot 8 of Tract No. 118, Piedmont Estates, per map recorded in Book 5, Page 110 of Maps on file in the office of said County Recorder, said point also shown on Record of Survey filed in Book 68, Page 24 of Licensed Surveys in the office of said County Recorder as being marked by a 2-inch iron pipe; thence along said boundary of said property described in said deed to the County of San Luis Obispo, S 36°00'14" E 305.69 feet to an angle point in said boundary and the TRUE POINT OF BEGINNING; thence along said boundary S 53°42'15" W 635.19 feet to the northeast line of Johnson Street as shown on said Record of Survey; thence along said northeast line S 36°34'42" E 10.00 feet; thence N 53°42'15" E 738.18 feet to a point in a 358.67 foot curve in the southwesterly boundary of the Option Area described herein, through which a radial line bears N47°41'45" E; thence northwesterly, along said curve, an arc length of 10.07 feet through a central angle of 1°36'32"; thence S 53°42'15" W 101.84 feet to the TRUE POINT OF BEGINNING.

Containing: 7,377 square feet, more or less



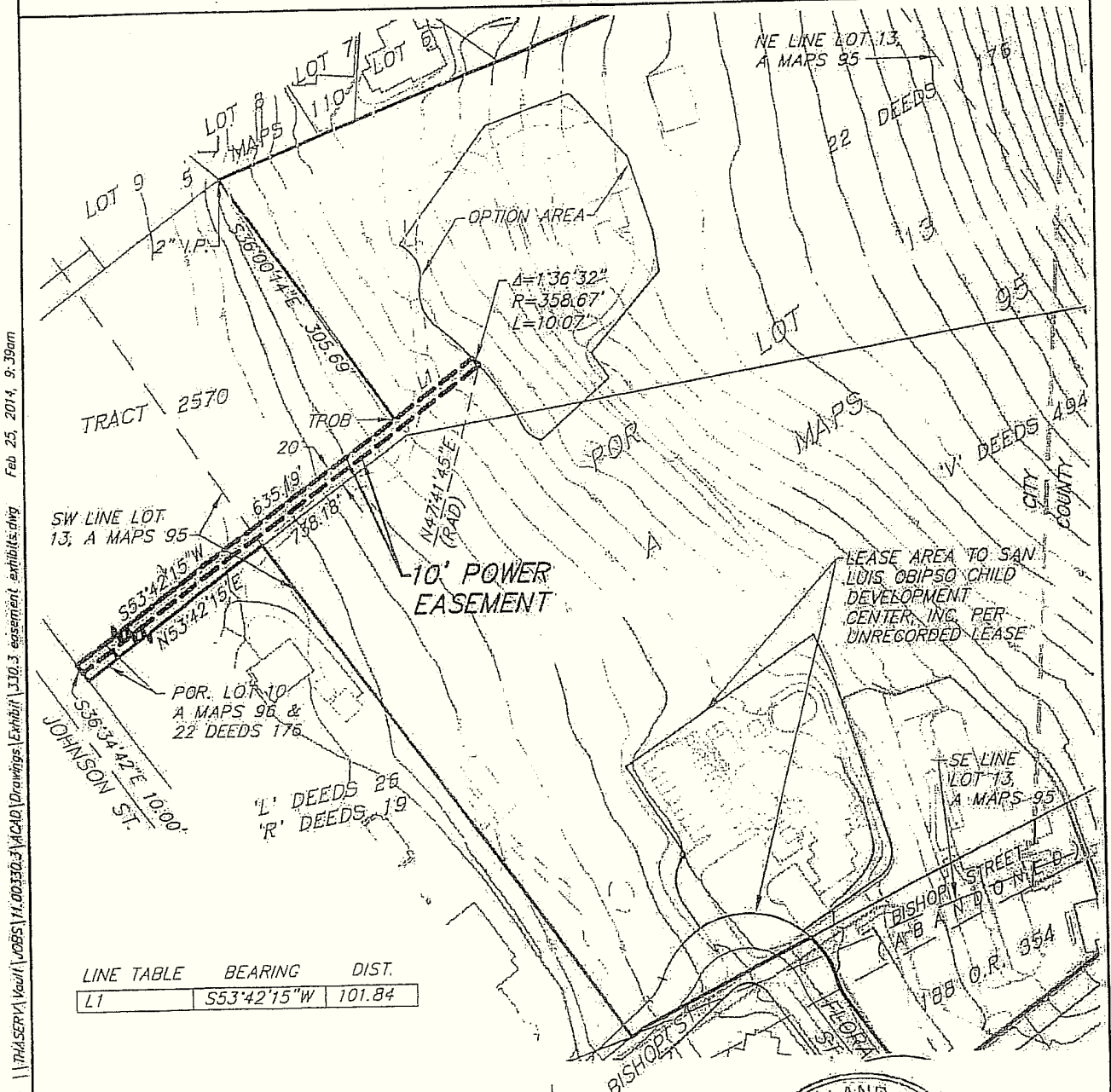
Legal Description prepared by or under the supervision of:

Cristie E. Fry
Cristie E. Fry, LS 8356

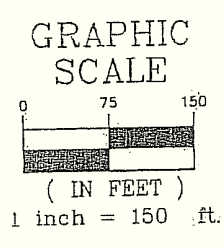
EXHIBIT A-6 - DEPICTION OF POWER EASEMENT

EXHIBIT "A-6"

POWER EASEMENT EXHIBIT



LINE TABLE	BEARING	DIST.
L1	S53°42'15"W	101.84



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