SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 12.1j

Meeting Date: December 14, 2023

Subject: Approve Resolution No. 3370: Agreement for Termination of Leases and Quit Claim Deed for the Miwok Middle School Gym HVAC Modernization Project

- ☐ Information Item Only
- ☒ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: _____)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Business Services

Recommendation: Approve Resolution No. 3370: Agreement for Termination of Leases and Quit Claim Deed for the Miwok Middle School Gym HVAC Modernization Project

Background/Rationale: On May 19, 2022, the Sacramento City Unified School District ("District") and John F. Otto, Inc. dba Otto Construction ("Developer") executed the Site Lease and Facilities Lease for the Miwok Middle School Gym HVAC Modernization ("Project").

On or about September 14, 2023, the District and Developer executed the Memorandum of Commencement Date under the Facilities Lease, acknowledging that (i) Developer had completed the construction of the Project, (ii) the District had accepted and entered into possession of the Project, (iii) the term for lease payments under the Facilities Lease would now commence.

The District has paid its obligations under the Facilities Lease in full, including paying the balance of the lease payments to Developer. Upon District's payment in full, Developer has executed a Termination Agreement and Quitclaim Deed, which will terminate the Facilities Lease and Site Lease and releases Developer's interests in the Project and site.

District staff ask that the Board approve, and authorize the Superintendent to execute, the Termination Agreement and Quitclaim Deed and the corresponding Certificate of Acceptance.

Financial Considerations: $116,124 paid for the balance of the lease payments

Documents Attached:

1. Termination Agreement and Quit Claim Deed
2. Resolution Agreement for Termination of Leases and Quit Claim Deed
3. Agenda Item Resolution
4. Agreement and Release of Any and All Claims

Estimated Time of Presentation:	N/A
Submitted by:	Janea Marking, Chief Business & Operations Officer
	Tina Alvarez Bevens, Contract Analyst
Approved by:	Lisa Allen, Interim Superintendent

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824
Attention: Tina Alvarez-Bevens

(Recording Fee: Exempt under Section 27383 of the Government Code)

TERMINATION AGREEMENT AND QUIT CLAIM DEED

THIS TERMINATION AGREEMENT AND QUIT CLAIM DEED (this "Agreement") dated as of December 14, 2023, is entered by and between the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a political subdivision duly organized and existing under and by virtue of the laws of the State of California (the "District"), and John F. Otto, Inc. dba Otto Construction (the "Developer").

WITNESSETH

WHEREAS, District and Developer entered into a Facilities Lease, dated May 19, 2022, as amended ("Facilities Lease") and a Site Lease, dated May 19, 2022 ("Site Lease") for the construction of certain improvements by the Developer at the District's Miwok Middle School Gym HVAC Modernization project ("Project"), located at 3150 I St, Sacramento, California 95816, as described in Exhibit A hereto and incorporated herein ("Project Site");

WHEREAS, under the terms of the Site Lease the District leased the Project Site to the Developer for the construction of the Project;

WHEREAS, under the terms of the Facilities Lease the District leased back the Project from the Developer and was obligated to make lease payments to the Developer for the lease of the Project;

WHEREAS, the District has paid its Project obligations in full which were secured by the lease payments payable under the Facilities Lease by making its final lease payment to the Developer and the District has paid all other amounts due or to become due with respect to the Facilities Lease;

WHEREAS, upon such payment in full, title to the Project leased under the Facilities Lease is to vest in the District and the Facilities Lease and the Site Lease are to terminate immediately upon such payment; and

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the District and the Developer do hereby agree as follows:

1. Termination of Leases. The District and the Developer do hereby unconditionally terminate the Facilities Lease, which pertains to that certain real property defined above as the Project Site, as more particularly described in the Facilities Lease and incorporated herein by reference. The District and Developer concurrently unconditionally terminate the related Site Lease, which pertains to that certain real property defined above as the Project Site, as more particularly described in the Site Lease and incorporated herein by reference. The District and the Developer agree that the District has fulfilled its obligations under the Facilities Lease and fee title to the Project and the Project Site leased thereunder is to vest in the District. The Developer and its successors and assigns shall be released from all obligations and liabilities as to the Project Site, the Facilities Lease and the Site Lease, whether arising or accruing prior to or following the date hereof, except for warranty, guarantee and latent defect obligations to the District. The Facilities Lease and the Site Lease shall no longer have any force or effect.

2. Quitclaim. The Developer does hereby remise, release and forever quitclaim the Project Site and the Project to the District.

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

4. Counterparts. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

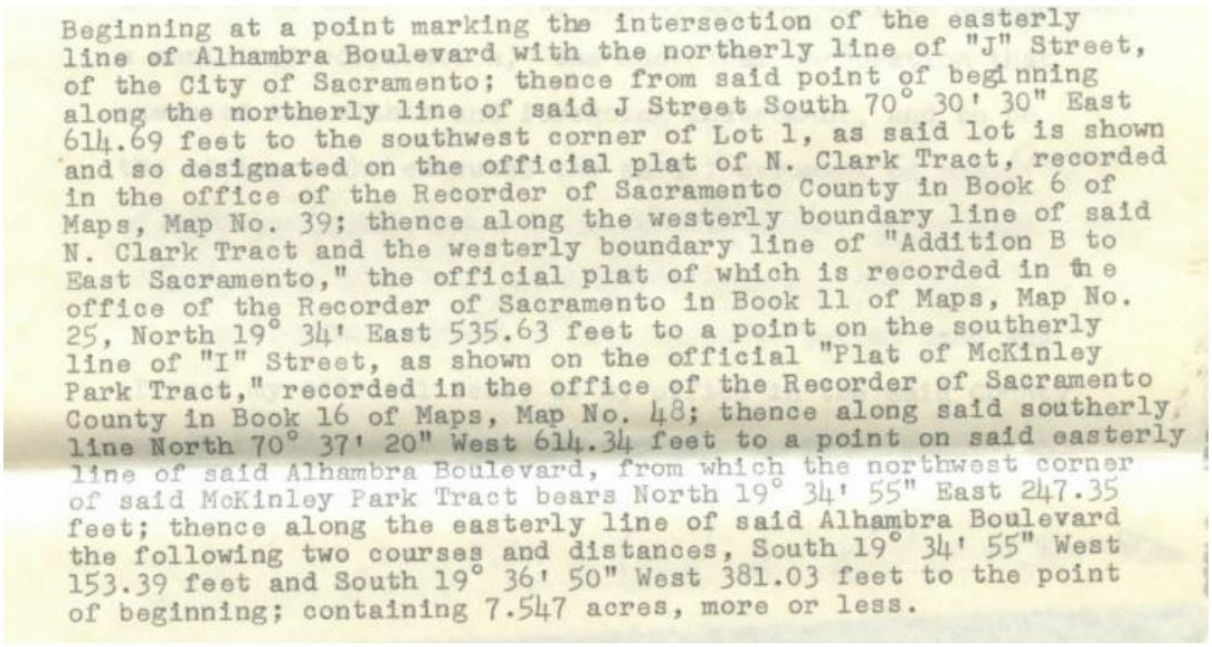
ACCEPTED AND AGREED on the first date indicated above.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT	**John F. Otto, Inc. dba Otto Construction**
By: _____	By: _____
Name: Janea Marking	Name: Allison Otto
Title: Chief Business & Operations Officer	Title: President & CEO

EXHIBIT "A"
PROPERTY DESCRIPTION

Attached is the Legal Description for:

Miwok Middle School Gym HVAC Modernization Project
Recorded Address: 3150 I Street Sacramento, CA 95816
Physical Address: 3150 I Street Sacramento, CA 95816



Beginning at a point marking the intersection of the easterly line of Alhambra Boulevard with the northerly line of "J" Street, of the City of Sacramento; thence from said point of beginning along the northerly line of said J Street South 70° 30' 30" East 614.69 feet to the southwest corner of Lot 1, as said lot is shown and so designated on the official plat of N. Clark Tract, recorded in the office of the Recorder of Sacramento County in Book 6 of Maps, Map No. 39; thence along the westerly boundary line of said N. Clark Tract and the westerly boundary line of "Addition B to East Sacramento," the official plat of which is recorded in the office of the Recorder of Sacramento in Book 11 of Maps, Map No. 25, North 19° 34' East 535.63 feet to a point on the southerly line of "I" Street, as shown on the official "Plat of McKinley Park Tract," recorded in the office of the Recorder of Sacramento County in Book 16 of Maps, Map No. 48; thence along said southerly line North 70° 37' 20" West 614.34 feet to a point on said easterly line of said Alhambra Boulevard, from which the northwest corner of said McKinley Park Tract bears North 19° 34' 55" East 247.35 feet; thence along the easterly line of said Alhambra Boulevard the following two courses and distances, South 19° 34' 55" West 153.39 feet and South 19° 36' 50" West 381.03 feet to the point of beginning; containing 7.547 acres, more or less.

CERTIFICATE OF ACCEPTANCE

This Acceptance dated as of December 14, 2023, is executed by the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under and by virtue of the laws of the State of California (the "District").

In consideration of the covenants contained in the Termination Agreement and Quit Claim Deed and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the District hereby accepts that certain real property and facilities located in the County of Sacramento, California, as more particularly described in that certain Termination Agreement and Quit Claim Deed dated as of the date hereof, by and between the District and John F. Otto, Inc. dba Otto Construction.

IN WITNESS WHEREOF, the District has executed this Acceptance as of the date first written above.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____

Name: Janea Marking

Title: Chief Business & Operations Officer

RESOLUTION NO. 3370

RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT TO ACCEPT AGREEMENT FOR TERMINATION OF LEASES AND QUIT CLAIM DEED

WHEREAS, Sacramento City Unified School District ("District") and John F. Otto, Inc. dba Otto Construction ("Developer") entered into a Facilities Lease, dated May 19, 2022, as amended ("Facilities Lease") and a Site Lease, dated May 19, 2022 ("Site Lease") for the construction of certain improvements by the Developer, known as Miwok Middle School Gym HVAC Modernization ("Project"), located at 3150 I St, Sacramento, California 95816 as described in Exhibit A to the Facilities Lease ("Project Site");

WHEREAS, under the terms of the Site Lease the District leased a portion of the Project Site to the Developer for the construction of the Project;

WHEREAS, under the terms of the Facilities Lease the District leased back the Project from the Developer and is obligated to make lease payments to the Developer for the lease of the Project;

WHEREAS, the District has paid its Project obligations in full which were secured by the lease payments payable under the Facilities Lease by making its final lease payment to the Developer, and the District has paid all other amounts due or to become due with respect to the Facilities Lease;

WHEREAS, upon such payment in full, title to the Project leased under the Facilities Lease is to vest in the District, and the Facilities Lease and the Site Lease are to terminate immediately upon such payment;

WHEREAS, the District and the Developer desire to unconditionally terminate the Facilities Lease, which pertains to the Project Site and to concurrently unconditionally terminate the related Site Lease, which also pertains to the Project Site; and

WHEREAS, the District and the Developer agree that the District has fulfilled its obligations under the Facilities Lease and that fee title to the Project and the Project Site leased thereby is to vest in the District.

NOW, THEREFORE, the Governing Board of the Sacramento City Unified School District hereby finds, determines, declares, orders, and resolves as follows:

Section 1. The above recitals are true and correct.

Section 2. The District hereby accepts and approves the Termination Agreement and Quit Claim Deed terminating the Facilities Lease and the Site Lease and conveying all of Developer's right, title and interest in the Project Site and the Project to the District.

Section 3. The District does hereby accept all of Developer's right, title and interest in the Project Site and the Project remised, released, quitclaimed and conveyed to the District by the Termination Agreement and Quit Claim Deed.

Section 4. The Superintendent and the Superintendent's designees are authorized to take all steps and sign all documents necessary to effect the intent of this resolution, including but not limited to the Termination Agreement and Quit Claim Deed and the Certificate of Acceptance of the real property and facilities located in Sacramento County, California, as more particularly described in the Termination Agreement and Quit Claim Deed.

IN WITNESS WHEREOF, this resolution was approved and adopted by the Governing Board of the Sacramento City Unified School District this 14th day of December, 2023.

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

_____
President of the Governing Board of the
Sacramento City Unified School District

ATTEST:

_____
Clerk of the Governing Board of the
Sacramento City Unified School District

BOARD AGENDA ITEM

DATE: **December 14, 2023** **ITEM NO. 12.1j**

TOPIC: **APPROVAL OF RESOLUTION NO. 3370 TO ACCEPT TERMINATION OF LEASES AND QUIT CLAIM DEED FOR THE MIWOK MIDDLE SCHOOL GYM HVAC MODERNIZATION PROJECT**

DESCRIPTION: On May 19, 2022, the Sacramento City Unified School District ("District") and John F. Otto, Inc. dba Otto Construction ("Developer") executed the Site Lease and Facilities Lease for the Miwok Middle School Gym HVAC Modernization ("Project").

On or about September 14, 2023, the District and Developer executed the Memorandum of Commencement Date under the Facilities Lease, acknowledging that (i) Developer had completed the construction of the Project, (ii) the District had accepted and entered into possession of the Project, (iii) the term for lease payments under the Facilities Lease would now commence.

The District has paid its obligations under the Facilities Lease in full, including paying the balance of the lease payments to Developer. Upon District's payment in full, Developer has executed a Termination Agreement and Quitclaim Deed, which will terminate the Facilities Lease and Site Lease and releases Developer's interests in the Project and site.

District staff ask that the Board approve, and authorize the Superintendent to execute, the Termination Agreement and Quitclaim Deed and the corresponding Certificate of Acceptance.

FISCAL IMPACT: $116,124.00 was paid for the balance of the lease payments.

RECOMMENDATION: It is recommended that the Board approve and adopt Resolution No. 3370 to Accept Termination of Leases and Quit Claim Deed for the Miwok Middle School Gym HVAC Modernization Project.

_____

Janea Marking
Chief Business and Operations Officer