
File ID: 2026-01302

7/21/2026

[Contract] Public Improvement Agreements for Sacramento Railyards (Project P15-040)

File ID: 2026-01302

Location: District 4

Recommendation: Pass a **Motion** authorizing the City Manager or designee to: 1) execute a Public Improvement Acceptance Agreement with Downtown Railyard Venture, a Delaware limited liability company ("DRV") to accept the public improvements for Sump 163, a stormwater pump station serving the Sacramento Railyards Developments; and 2) execute a Public Improvement Agreement for Sump 163 Remaining Elements with DRV to construct the remaining elements of Sump 163.

Contact: Brett Grant, Supervising Engineer, (916) 808-1413, bgrant@cityofsacramento.org; Michelle Carrey, Engineering & Water Resources Division Manager, (916) 808-1438, mcarrey@cityofsacramento.org; Dalia Fadl, Director, (916) 808-3765, dfadl@cityofsacramento.org; Department of Utilities

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Public Improvement Agreement; Sacramento Railyards Project P15-040
- 3-Public Improvement Acceptance Agreement; Sacramento Railyards Project P15-040

Description/Analysis

Issue Detail: Staff recommends City Council approve two agreements with Downtown Railyard Venture, a Delaware limited liability company ("DRV"), related to Sump 163, the stormwater pump station serving the Sacramento Railyards Developments. The first agreement provides a framework for the City to accept the public improvements for Sump 163. The second agreement addresses DRV's construction of the remaining elements of Sump 163 needed to complete the facility as required for the Railyards development.

Policy Considerations: Pursuant to section 20 of the City Charter, all contracting power is vested in the City Council unless delegated. City Council has not delegated authority to enter into these agreements.

Economic Impacts: None.

Environmental Considerations: On November 10, 2016, the City Council certified a Subsequent Environmental Impact Report (SEIR) and adopted Findings of Fact and a Statement of Overriding Considerations and a Mitigation Monitoring Plan for the Railyards Specific Plan Update, KP Medical Center, MLS Stadium, & Stormwater Outfall Projects (P15-040) (Original Project) (Resolution No. 2016-0379). The proposed agreements involve the acceptance of the existing stormwater pump station and the completion of remaining elements associated with the facility that was evaluated in the certified SEIR. The subject agreements would not result in effects that were not considered, evaluated, and/or mitigated in the certified SEIR. None of the circumstances set forth in CEQA Guidelines Section 15162 are present and no additional review is required.

Sustainability: Sump 163 supports the 2040 General Plan Goal, PFS-3, to provide “efficient, high-quality utility infrastructure and services to meet the needs of residents and business throughout the city” by providing adequate drainage facilities for the Sacramento Railyards area.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The purpose of these Agreements is to provide for: 1) the City’s acceptance of the pump station required by Condition A83 (Sump 163) at substantial completion; and 2) satisfaction of Condition A83 required by the Existing Projects Building Permits for the Existing Projects in exchange for: A) the Developer’s commitment to expeditiously finish the punch list items required to obtain a Notice of Completion for the Sump 163 project; and B) the Developer’s execution of a separate agreement to complete remaining elements of the Sump 163 project consisting of installation of a load bank and potential transformers consistent with City specifications for the project (“Sump 163 Remaining Elements”).

The punch list items are required to be completed within three (3) months of the execution of Public Improvement Acceptance agreement and are secured by a \$75,000 deposit. This deposit will be returned upon issuance of the Notice of Completion. If DRV has not completed the punchlist items within the time specified, the City may use funds from the deposit to complete some or all of the remaining punchlist items.

The Sump 163 Remaining Elements are needed for the back-up generators to be operational and have a long lead time to procure. The Public Improvement Agreement requires DRV to complete the Sump 163 Remaining Elements within **545** days from the execution of the agreement. The scope of work related to Item 1 of the Sump 163 Remaining Elements, the load bank, shall be completed within **60** days from the delivery of the load bank to Developer or Developer’s contractors (“Load Bank portion of Required Improvements”). The completion of the Sump 163 Remaining Elements are secured by an improvement security and liquidated damages.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not applicable.

Background: Certain projects within the corporate limits of the City, including the Republic FC Stadium and the Kaiser Permanente Sacramento Railyards Medical Center, are being developed subject to the Amended and Restated Development Agreement (DA) for Sacramento Railyards Project No. P15-040 (Project) and require building permits. In conjunction with the City's approving of the Railyards DA, the City also approved the Tentative Subdivision Map for the Project. Because the Tentative Map establishes infrastructure obligations applicable to all development within the Railyards, the City requires each project applicant to demonstrate satisfaction of applicable Tentative Map conditions, including Condition A83, before building permits will be issued. Condition A83 provides: "Construct DOU [Department of Utilities] approved pump station and discharge pipes, and construct inlet and outlet structures for the pump station at the time specified by DOU. The construction shall be to the satisfaction of the DOU. The applicant is responsible for obtaining all necessary permits, easements and approvals from federal, state and local agencies, and private landowners for the construction of these facilities." This condition ensures that the stormwater and utility infrastructure necessary to support development within the Railyards is completed in accordance with Department of Utilities standards and in coordination with ongoing vertical development.

Contract Routing Sheet

☐ **Payment / Performance Bond Only**

General Routing Information

Department: Utilities Department

Contract Coordinator: Robyn Noguchi Email: rnoguchi@cityofsacramento.org

Effective Date: _____ Expiration Date: _____

Grant/Project Name: Public Improvement Agreement Sacramento Railyards Project P15-040

Other Party: Downtown Railyard Venture

Original Not to Exceed Amount: \$522,603

Assessor's Parcel Number(s): _____

Project Number: _____ Bid/RFQ/RFP#: _____

Supplements/Addendums/Change Orders ☐

Adjusted Amount of this Change (+/-): _____ New Not to Exceed Amount: _____

Change In Scope: No

Original Contract Number: _____ Supplement Number: _____

Council Approval ☒

Original Meeting Date: 07/21/2026 Council File ID: 2026-01302

Supplement Meeting Date: _____ Council File ID: _____

Processing Information

- | | |
|---|--|
| ☐ Clerk's Office to Mail for Recording | ☐ Return to Dept for Recording |
| ☐ Return to Dept for Other Party Signature | ☐ Construction Related |
| ☐ Real Estate | ☐ Additional Originals Attached – Return to Dept. |

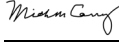
Add notes/instructions, including any other contract or council file ID numbers related to this agreement:

Signing Authority - Department Directors up to \$100K; \$100K - \$250K City Manager or Assistant City Manager; \$250K+ Council Approval & Council Appointee or designee.

Department Review and Routing

AB 339 Review Confirmation (if needed) _____

Sign  _____

Sign  _____

Sign  Dalia Padl (Jul 7, 2026 10:59:02 PDT) _____

Sign _____

Sign _____

PUBLIC IMPROVEMENT AGREEMENT

Sacramento Railyards Project P15-040

This Public Improvement Agreement ("Agreement") entered into by and between the CITY OF SACRAMENTO, a municipal corporation ("City"), and Downtown Railyard Venture, a Delaware limited liability company ("Developer"), is dated [REDACTED] for identification purposes ("Effective Date").

RECITALS

- A. Certain projects within the corporate limits of the City are being developed as of the Effective Date subject to 1) the Amended and Restated Development Agreement for Sacramento Railyards Project No. P15-040, as amended ("Railyards DA"), and 2) building permits issued by the City ("Existing Projects Building Permits") (the Existing Projects Building Permits are identified in the PIAA (as hereinafter defined)). In conjunction with the City's approval of the Railyards DA, the City also approved a Tentative Subdivision Map for the Sacramento Railyards Project No. P15-040 ("Tentative Map"). The satisfaction of Condition A83 (as hereinafter defined) to the Tentative Map is a requirement imposed by the City in the Existing Projects Building Permits.
- B. The project described in the Railyard DA is commonly known and described as the Sacramento Railyards and bears the city project number set forth above.
- C. Condition A83 to the Tentative Map ("Condition A83") provides: "Construct DOU [Department of Utilities] approved pump station and discharge pipes, and construct inlet and outlet structures for the pump station at the time specified by DOU. The construction shall be to the satisfaction of the DOU. The applicant is responsible for obtaining all necessary permits, easements and approvals from federal, state and local agencies, and private landowners for the construction of these facilities."
- D. Developer has requested the City accept the pump station, referenced in Condition A83 of the Tentative Map ("Sump 163"), prior to the construction and completion of improvements of all elements of Sump 163. These uncompleted improvements are hereinafter referred to as "the Required Improvements". Sump 163 is located on the parcel described on Exhibit A attached hereto and incorporated herein ("Sump 163 Parcel").
- E. The City has agreed to accept Sump 163 at substantial completion in accordance with that certain Public Improvement Acceptance Agreement, Sacramento Railyards Project P15-040, dated _____, 2026, entered into by the City and Developer ("PIAA"), pursuant to which Condition A83 is removed and deemed satisfied as a requirement under the Existing Project Building Permits, on condition that Developer first enter into and execute this Agreement with City.

AGREEMENT

The parties agree as follows:

1. **Performance of Work.** Developer agrees to furnish, construct and install at Developer's own expense the Required Improvements as shown on the Exhibit B attached hereto and incorporated herein by reference and to furnish, construct and install the Required Improvements pursuant to the Standard Specifications for Public Construction of the City of Sacramento approved by the Sacramento City Council on November 10, 2020 (Resolution No. 2020-0354) which plans and standard specifications are incorporated herein by reference.
2. **Work; Satisfaction of Department of Utilities Director.** All of the work on the Required Improvements is to be done at the places, with the materials, in the manner, and at the grades, as shown on the approved plans and specifications, and to the satisfaction of the Department of Utilities Director.
3. **Work; Time for Commencement and Performance.** All of the work for the Required Improvements shall be completed within 545 days from the execution of this Agreement by City and Developer. The scope of work related to Item 1 of the Required Improvements, the load bank, shall be completed within 60 days from the delivery of the load bank to Developer or Developer's contractors ("Load Bank portion of Required Improvements"). At least fifteen (15) calendar days prior to the commencement of the work on the Required Improvements, Developer shall notify the Department of Utilities Director in writing of the date the Developer is to commence the work on the Required Improvements, so that the Department of Utilities Director can provide inspection services.
4. **Time of Essence; Extension.** Time is of the essence for this Agreement, but the dates for commencement and completion of the work for the Required Improvements may be extended as provided herein. The Department of Utilities Director, in his or her sole discretion, may grant an extension for delays in the work actually caused by inclement weather, riots, strikes, lockouts, fires, earthquakes, floods and conditions resulting therefrom, and the Department of Utilities Director, in his or her sole discretion, may also grant an extension of the date for completion of the work of construction up to one (1) year for any reason. An extension for any other reason may only be made by the Sacramento City Council, in its sole discretion. Any extension granted pursuant to this paragraph shall not obligate City in any manner to grant other, further requests for extension.
5. **Request for Extension; Granting.** Any request for extension of any commencement and completion date shall be in writing, shall fully state the facts and grounds relied upon for the extension, and shall be delivered to City in the manner specified for services of notice in paragraph 17. Any extension shall be granted in writing and any purported oral extension or purported oral agreement to make an extension shall not be valid for any purpose whatsoever.
6. **Extension; No Release of Obligations.** In the event the City extends the time for commencement or completion of the work to be done under this Agreement beyond the dates specified herein, the extension does not release any guarantee given by Developer pursuant to this Agreement, or relieve or release those providing improvement security pursuant to this Agreement. The sureties in executing the bonds shall be deemed to stipulate and agree that no change, extension of time, alteration or addition to the terms of the Agreement or to the work performed thereunder or the specifications accompanying the same shall in any way affect its obligation on the bond, and to waive notice of any change, extension of time, alteration or addition to the terms of the Agreement or to the work or to the specifications.
7. **Extension; Conditions.** The granting of any extension may be conditioned upon Developer providing City with new or amended surety bonds in amounts increased to reflect increases in the costs of constructing the Required Improvements that have occurred prior to the granting of the extension or are likely to occur prior to the completion of the work.

8. **Improvement Security.** Concurrently with the execution of this Agreement, Developer shall furnish City (such security may be provided by Developer's contractor subject to the following requirements):

- a. Improvement security in the sum of five hundred twenty two thousand six hundred and three Dollars (\$ 522,603), which sum is equal to one-hundred percent (100%) of the estimated cost of constructing the Required Improvements and the cost of any other obligation to be performed by Developer hereunder, securing the faithful performance of this Agreement.
- b. Separate improvement security in the sum of two hundred sixty one thousand three hundred and one Dollars (\$ 261,301), which sum is equal to fifty percent (50%) of the estimated cost of constructing the required improvement, securing payment to the contractor, their subcontractor and to persons furnishing labor, materials or equipment to them for the construction of the Required Improvements .

The form of the improvement security shall be subject to the approval of the City Attorney. Improvement security shall be reduced or released by the City only in the manner provided by the Subdivision Map Act and the Sacramento City Code. No change, alteration or addition to the terms of this Agreement or the plans and specifications accompanying this Agreement shall in any manner affect the obligation of those providing improvement security pursuant to this Agreement.

9. **Inspection Fees.** The fee which is paid by Developer to City includes a fee for construction inspection and no fee for that service is payable under the terms of this Agreement, provided; however, that whenever re-inspection or multiple inspections are necessary because of any delay set forth in paragraph four, additional fees may be payable at the sole discretion of City.

10. **Hold Harmless Agreement.** Developer agrees to, and shall, indemnify and hold City, its elective and appointive boards, commissions, officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Developer's or Developer's contractors', subcontractors', or agents' or employees' operations under this Agreement, whether the operations are by Developer or by any of Developer's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for, Developer or any of Developer's contractors or subcontractors. Developer agrees to, and shall, defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid operations; provided as follows:

- a. That City does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold harmless agreement, because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in paragraph 11.
- b. That the hold harmless agreement by Developer shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the operations referred to in this paragraph, regardless of whether or not City has prepared, supplied, or approved of plans and specifications for Sump 163, or regardless of whether or not the insurance policies are determined to be applicable to any of the damages or claims for damages.

11. **Insurance Requirements.** Developer shall maintain, or cause its contractor to maintain, the following insurance against liabilities arising out of activities performed by or on behalf of Developer. It is understood and agreed by the Developer that its liability to the City shall not in any way be limited to or affected by the amount of insurance coverage required or carried by the Developer in connection with this Agreement.

A. Minimum Scope & Limits of Insurance Coverage

- (1) Commercial General Liability Insurance providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, arising out of activities performed by or on behalf of Developer, its contractors, and subcontractors and premises owned, leased, or used by Developer, its contractors and subcontractors, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.
- (2) Automobile Liability Insurance providing coverage at least as broad as ISO Form CA 00 01 for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per accident. The policy shall provide coverage for owned, non-owned and/or hired autos as appropriate to the operations of the Developer.

No automobile liability insurance shall be required if Developer completes the following certification:

"I certify that a motor vehicle will not be used in the performance of any work or services under this agreement." _____ (Developer's initials)

- (3) Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limits of not less than one million dollars (\$1,000,000). The Workers' Compensation policy shall include a waiver of subrogation in favor of the City.

No Workers' Compensation insurance shall be required if Developer completes the following certification:

"I certify that my business has no employees, and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance." _____ (Developer's initials)

B. Additional Insured Coverage

- (1) Commercial General Liability Insurance: The City, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out of activities performed by or on behalf of the Developer and its contractors or subcontractors, products and completed operations of Developer and its contractors or subcontractors, and premises owned, leased or used by Developer and its contractors or subcontractors.
- (2) Automobile Liability Insurance: The City, its official's employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects auto liability.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

- (1) Developer's insurance coverage, including excess insurance, shall be primary insurance as respects City, its officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officials, employees or volunteers shall be in excess of Developer's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officials, employees or volunteers.
- (3) Coverage shall state that the Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (4) City will be provided with thirty (30) days written notice of cancellation or material change in the

policy language or terms.

D. Acceptability of Insurance

Insurance shall be placed with insurers with a Bests' rating of not less than A:VI. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section must be declared to and approved by the City in writing prior to execution of this Agreement.

E. Verification of Coverage

(1) Developer shall furnish City with certificates and required endorsements evidencing the insurance required within fifteen (15) days of execution of this Agreement and prior to engaging in any work required by this Agreement. The certificates and required endorsements shall provide that no cancellation, major change in coverage, or expiration may be effected by the insurance company or the insured during the term of this Agreement, without first giving the City thirty (30) days written notice prior to the effective date of such cancellation or change in coverage. The certificates and endorsements shall be forwarded to the Department of Utilities Director. Copies of policies shall be delivered to the City on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.

(2) For all insurance policy renewals during the term of this Agreement, Contractor shall send insurance certificates reflecting the policy renewals directly to:

City of Sacramento
c/o Exigis LLC
PO Box 947
Murrieta, CA 92564

F. Subcontractors

Developer shall require and verify that all contractors and subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection A, above.

12. **Title to Improvements.** Title to, and ownership of, all Required Improvements constructed under this Agreement by Developer shall vest absolutely in City, upon completion and acceptance of the Required Improvements by City.

13. **Repair or Reconstruction of Defective Work.** Except as otherwise expressly provided in this Agreement, and excepting only items of routine maintenance, ordinary wear and tear and unusual abuse or neglect, Developer guarantees all work regarding the Required Improvements executed by Developer and all supplies, materials and devices of whatsoever nature incorporated in, or attached to the work, or otherwise delivered to City as a part of the work pursuant to the Agreement, to be absolutely free of all defects of workmanship and materials for a period of one year after final acceptance of the Required Improvements by the City. Developer shall repair or replace any or all of the work or material, together with all or any other work or material which may be displaced or damaged in so doing, that may prove defective in workmanship or material within said one year guarantee period without expense or charge of any nature whatsoever to City.

In the event that Developer shall fail to comply with the conditions of the foregoing guarantee within ten (10) days, after being notified of the defect in writing, City shall have the right, but shall not be obligated, to repair, or obtain the repair of, the defect and Developer shall pay to City on demand all costs and expenses of the repair. Notwithstanding anything herein to the contrary, in the event that any defect in workmanship or materials covered by the foregoing guarantee results in a condition which constitutes an immediate hazard to the health or safety, or any property interest, or any person, City shall have the right to immediately repair, or cause to be repaired, the defect and Developer shall pay to City on demand all costs

and expense of the repair. The foregoing statement related to hazards to health and safety shall be deemed to include either temporary or permanent repairs, which may be required as determined in the sole discretion and judgment of City.

If City, as its sole option, makes or causes to be made the necessary repairs or replacements or performs the necessary work, Developer shall pay, in addition to actual costs and expenses of the repair or work fifteen percent (15%) of the costs and expenses for overhead and interest at the maximum rate of interest permitted by law accruing thirty (30) days of the date of billing for the work or repairs.

The foregoing guarantee shall not affect or limit in any way Developer's liability for latent defects that are not discovered during the one year guarantee period, nor shall it affect or limit in any way Developer's obligations or City's rights under the hold harmless clause set forth in paragraph 10, above.

14. **Developer Not Agent of City.** Neither Developer nor any of Developer's agents or contractors are or shall be considered to be agents of City in connection with the performance of Developer's obligations under this Agreement.
15. **Notice of Breach and Default.** If Developer refuses or fails to obtain prosecution of the work, or any severable part thereof, with such diligence as will insure its completion within the time specified, or any extension thereof, or fails to obtain completion of the work within such time, or if Developer files a bankruptcy petition, or if an involuntary bankruptcy petition is filed, or Developer should make a general assignment for the benefit of Developer's creditors, or if a receiver should be appointed, or if Developer, or any of Developer's contractors, subcontractors, agents or employees, should violate any of the provisions of this Agreement, the Department of Utilities Director may serve written notice upon Developer and Developer's surety of breach of this Agreement, or of any portion thereof, and default of Developer.
16. **Breach of Agreement; Performance by Surety or City.** In the event of any notice of breach, Developer's surety shall have the duty to take over and complete the work and the improvement herein specified; provided, however, that if the surety, within fifteen (15) days after the serving upon it of a notice of breach, does not give City written notice of its intention to take over the performance of the contract, and does not commence performance thereof within fifteen (15) days after notice to City of the election, City may take over the work and prosecute the same to completion, by contract or by any other method City may deem advisable, for the account and at the expense of Developer, and Developer's surety shall be liable to City for any excess cost or damages occasioned City thereby; and, in such event, City, without liability for so doing, may take possession of, utilize in completing the work, the materials, appliances, plant and other property, belonging to Developer as may be on the site of the work and necessary therefore.
17. **Notices.** All notices herein required shall be in writing, and delivered in person or sent by registered mail postage prepaid.
 - A. Notices required to be given to City shall be addressed as follows:

Director, Department of Utilities
1395 35th Avenue
Sacramento, California 95822
 - B. Notices required to be given to Developer shall be addressed as follows:

Downtown Railyard Venture, LLC
3140 Peacekeeper Way
McClellan, CA 95652
Attn: Manager and General Counsel

Any party or the surety may change the address by notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

18. **Legal Description.** The legal description of the Sump 163 Parcel is attached hereto, marked Exhibit "A" and incorporated herein by reference.

19. **Liquidated Damages.**

The actual fact of the occurrence of damages and the actual amount of the damages that City would suffer if the Load Bank portion of Required Improvements and/or the balance of the Required Improvements, were not completed within the time(s) specified herein are dependent upon many circumstances and conditions that could prevail in various combinations, and for this reason, it is impracticable and extremely difficult to fix the actual damages. Damages that City would suffer in the event of such delay include: loss of the use of the project; expenses of prolonged assignment to the project of an architectural and/or engineering staff; prolonged costs of administration, inspection, and supervision; increased operational expenses and/or impaired operation of other facilities dependent upon completion of the project; and the loss and inconvenience suffered by the public within the City of Sacramento by reason of the delay in the completion of the project or portion thereof. Accordingly, the parties agree, and by execution of this Agreement, Developer acknowledges that it understands and agrees, that the amount(s) set forth herein as liquidated damages reflect the parties' best efforts at the time of entering into this Agreement to estimate the damages that may be incurred by City and the public due to the Developer's delay in completion of the Load Bank portion of Required Improvements and/or the balance of the Required Improvements, and shall be presumed to be the amount of damages sustained by the failure of Developer to complete the Load Bank portion of Required Improvements and/or the balance of the Required Improvements within the time(s) specified herein.

Developer shall pay liquidated damages to City for failure to complete the Load Bank portion of Required Improvements and/or the balance of the Required Improvements, as applicable, within the time(s) specified herein in the amount of \$500 for each calendar day after the time(s) specified herein (as extended by up to sixty (60) days of delays caused by Force Majeure Events, if applicable), continuing to the time at which the Load Bank portion of Required Improvements and/or the balance of the Required Improvements, as applicable, are completed. Such amount is the actual cash value agreed upon by the City and Developer as the loss to City and the public resulting from Developer's failure to timely complete such improvement(s).

The parties agree, and by execution of this Agreement, Developer acknowledges that it understands and agrees, that the foregoing provisions provide for the imposition of liquidated damages from the scheduled time(s) of completion of the Load Bank portion of Required Improvements and/or the balance of the Required Improvements (as extended by up to sixty (60) days of delays caused by Force Majeure Events, if applicable), until the actual time(s) of completion of the Load Bank portion of Required Improvements and/or the balance of the Required Improvements, as applicable, as determined by the Engineer in accordance with Section 8-4 of the Standard Specifications.

"Force Majeure Event" shall mean any delays beyond the reasonable control of Developer, such as acts of God, fire, earthquake, acts of a public enemy, riot, insurrection, unavailability of materials, governmental restrictions on the sale of materials or supplies or on the transportation of such materials or supplies, strike directly affecting construction or transportation of materials or supplies, shortages of materials or labor resulting from government controls, weather conditions, incidence of disease or other illness that reaches outbreak, epidemic, or pandemic proportions affecting the area in which the Required Improvements are located and directly affecting Developer's ability with respect to its obligations under this Agreement, or any other cause or events beyond the reasonable control of Developer.

20. **Assignment Prohibited.** This Agreement may not be assigned by Developer unless approved in writing by City. Any attempt to assign this Agreement without City's written consent shall be void.
21. **Amendment.** No waiver, alteration, or modification of this Agreement shall be valid unless made in writing and signed by the Developer and the City. Any modifications of this Agreement necessary to construct the

Required Improvements listed in Exhibit B, including changes to the performance bond, the contents of Exhibit B, or the time for commencement or performance, may be modified by mutual written agreement of the Developer and the City Manager or designee.

22. **Developer's Certification Regarding Ownership.** Developer certifies that Developer owns full legal title to the Sump 163 Parcel. Each individual executing this Agreement on behalf of a corporation or partnership represents and warrants to City that he or she has been authorized to do so by the entity on whose behalf he or she executes this Agreement and that said entity will thereby be obligated to perform the terms of this Agreement.
23. **Covenants Run with Developer's Land.** The parties agree that all of Developer's agreements and obligations in this Agreement are covenants which run with the Sump 163 Parcel, in accordance with Section 1468 of the California Civil Code, and the burden thereof shall be binding upon Developer's constituents, successors, transferees, and assigns, for the benefit of the Property to be served by the improvements.
24. **Joint and Several Liability.** In the event that Developer consists of more than one party, each person, entity or other party described as the "Developer" in the first paragraph of this Agreement or executing this Agreement for Developer, shall be jointly and severally liable for each and every obligation and requirement imposed on Developer herein.
25. **Attorney's Fees and Costs.** If the services of any attorney are required by either party to secure the performance of this Agreement, or otherwise upon the breach or the default of either party, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to reasonable attorney fees, costs, and other expenses, in addition to any other relief to which the party may be entitled.
26. **Waiver.** The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of the Agreement.
27. **Authority.** The person or persons signing this Agreement for "Developer" below, hereby represents and warrants that he or she has full authority to execute this Agreement on behalf of Developer and to fully bind Developer thereby to all obligations and requirements of this Agreement.

28. **Additional Terms and Conditions.**

This Agreement is subject to the following additional terms and

conditions:

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

CITY OF SACRAMENTO,
a Municipal Corporation

By: _____
(Signature)

Print Name: **Ryan Moore**

Title: **Assistant City Manager**
(For City Manager)

Date: _____

ATTEST:

By: _____
(City Clerk)

Date: _____

ORIGINAL APPROVED AS TO FORM:

By: *Michael Voss*
(City Attorney)

Date: **07/07/2026**

Downtown Railyard Venture, LLC, a
Delaware limited liability corporation

By: *Larry Denton Kelley*
Larry Denton Kelley (Jul 6, 2026 11:36:16 PDT)
(Signature)

Print Name: **Larry Denton Kelley, JR.**

Title: **Manager**

Date: **07/06/2026**

By: _____
(Signature)

Print Name: _____

Title: _____

Date: _____

- ❖ "Developer" is owner of property subject to this Agreement unless otherwise noted
- (1) Attach All-Purpose Acknowledgement Notary Certification(s) for Owner's Signature(s)
 - (2) If the Owner is a corporation, the following two signatures are required:
 - A. The first signature by either the Chairman of the Board, the President or any Vice President of the corporation; and
 - B. The second signature by either the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of the corporation.

Subdivision Improvement - Performance Bond
(Government Code Section 66499.1)

Project Name: **XXXXXXXXXXXXXXXXXX**
Address: **XXXXXXXXXXXXXXXXXX**
Accela No: **XXXXXXXXXXXXXXXXXX**
eCAPS No: **XXXXXXXXXXXXXXXXXX**

Whereas, the City of Sacramento, State of California, and **Owner** (hereinafter designated as "principal") have entered into an agreement whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated **Agreement Date from Page 1**, and identified as Public Improvement Proceeding No. **Planning #** (commonly referred to as **Project Name**), is hereby referred to and made a part hereof; and

Whereas, said principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, therefore, we the principal and _____ as corporate surety, are held and firmly bound unto the City of Sacramento, (hereinafter called "City"), in the penal sum of **100% of Project Value** Dollars (**\$**) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bonded principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as herein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless City, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the plans and specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Subdivision Improvement - Performance Bond
(Government Code Section 66499.1)

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above
named, on _____, 20____.

ORIGINAL APPROVED AS TO FORM:

By: _____
(City Attorney)

Print Name: _____

Date: _____

Surety

Address

By: _____
(Signature)

Contact Phone

PRINCIPAL: **Owner's Name**

By: _____
(Signature)

Print Name: _____

Title: _____

Date: _____

By: _____
(Signature)

Print Name: _____

Title: _____

Date: _____

(Acknowledgements)

Subdivision Improvement - Payment Bond
(Government Code Section 66499.2)

Project Name: **XXXXXXXXXXXXXX**
Address: **XXXXXXXXXXXXXX**
Accela No: **XXXXXXXXXXXXXX**
eCAPS No: **XXXXXXXXXXXXXX**

Whereas, the City of Sacramento, State of California, and **Owner** (hereinafter designated as "principal") have entered into an agreement whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated **Agreement Date from Page 1**, and identified as Public Improvement Proceeding No. **Planning #** (commonly referred to as **Project Name**), is hereby referred to and made a part hereof; and

Whereas, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Sacramento to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California.

Now, therefore, said principal and the undersigned as corporate surety, are held firmly bound unto the City of Sacramento and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the aforesaid agreement and referred to in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California in the sum of **50% of Project Value** Dollars (**\$**) for materials furnished or labor thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable including reasonable attorney's fees, incurred by City in successfully enforcing such obligation to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of said agreement or the plans and specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition.

City of Sacramento, California
Public Improvement Proceeding No. **P**_____

Subdivision Improvement - Payment Bond
(Government Code Section 66499.2)

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above
named, on _____, 20____.

ORIGINAL APPROVED AS TO FORM:

PRINCIPAL: _____

By: _____
(City Attorney)

By: _____
(Signature)

Print Name: _____

Print Name: _____

Date: _____

Title: _____

Date: _____

Surety

By: _____
(Signature)

Address

Print Name: _____

By: _____
(Signature)

Title: _____

Contact Phone

Date:

(Acknowledgements)

EXHIBIT A
LEGAL DESCRIPTION
GRANT DEED – FOR PUMP STATION PURPOSES

ALL THAT REAL PROPERTY SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND BEING A PORTION OF THAT CERTAIN 'REMAINDER PARCEL' AS SHOWN ON THAT CERTAIN MAP ENTITLED "THE RAILYARDS UNIT NO. 2", FILED JANUARY 17, 2019 IN BOOK 409 OF MAPS AT PAGE 01, SACRAMENTO COUNTY OFFICIAL RECORDS. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF 'BERCUT DRIVE' AND 'RAILYARDS BOULEVARD' AS SHOWN ON SAID MAP; THENCE ALONG THE CENTERLINE OF SAID 'BERCUT DRIVE', SOUTH 01°30'20" EAST, 57.31 FEET; THENCE CONTINUING ALONG SAID CENTERLINE, TO THE LEFT ALONG THE ARC OF A 1,205.00 FOOT RADIUS CURVE, CONCAVE TO THE EAST, HAVING A CENTRAL ANGLE OF 07°17'39", AND AN ARC LENGTH OF 153.40 FEET; THENCE LEAVING SAID CENTERLINE, NORTH 81°12'01" EAST, 39.00 FEET TO THE EASTERLY RIGHT OF WAY OF SAID 'BERCUT DRIVE' AND THE TRUE **POINT OF BEGINNING**; THENCE ALONG THE FOLLOWING 5 COURSES:

1. THENCE ALONG SAID EASTERLY RIGHT OF WAY AND EXTENSION THEREOF, TO THE LEFT ALONG THE ARC OF A 1,166.00 FOOT RADIUS, NON TANGENT CURVE, HAVING A RADIAL BEARING OF SOUTH 81°12'01" WEST, A CENTRAL ANGLE OF 08°25'35", AND AN ARC LENGTH OF 171.48 FEET;
2. THENCE TO THE LEFT ALONG THE ARC OF A 10.00 FOOT RADIUS CURVE, CONCAVE TO THE NORTHEAST, HAVING A CENTRAL ANGLE OF 92°09'39", AND AN ARC LENGTH OF 16.09 FEET;
3. THENCE TO THE RIGHT ALONG THE ARC OF A 1,040.00 FOOT RADIUS, REVERSE CURVE, HAVING A CENTRAL ANGLE OF 06°48'36", AND AN ARC LENGTH OF 123.61 FEET;
4. THENCE NORTH 13°20'48" WEST, 167.04 FEET;
5. THENCE SOUTH 80°01'52" WEST, 133.67 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 23,505 SQUARE FEET, MORE OR LESS.

THE BEARINGS FOR THIS DESCRIPTION ARE BASED ON NAD 83, CCS ZONE 2, EPOCH 1997.30. THE DISTANCES ARE GROUND DISTANCES.

Sump 163 Exhibit B

All work within Exhibit B shall be completed per the signed project plans and specifications. Work shall also be completed per the latest version of the City of Sacramento Standard Specifications.

Item 1: The contractor shall install a new 2500KW load bank that has the proper AIC rating as required by the power system studies. The new load bank shall match the existing load bank, plans and specifications but have upgraded fuses with the proper AIC rating.

The contractor shall perform the following:

1. Remove the existing load bank and conductors.
2. Install the new load bank.
3. Reinstall the conductors if they are not damaged.
4. Modify and test the load bank PLC control narrative per section 16915 of the specifications.
5. The new load bank shall have the options based upon City comments from submittal 70.1.
6. Test the standby generator on the load bank per the specifications.
7. Contractor shall refill the generator fuel tank.
8. Contractor to maintain DEF tank at 50% full.
9. Any issues identified during testing shall be addressed by the Contractor.

Item 2:

The contractor shall install new potential transformers (PTs) at three locations within the electrical system to ensure that the relays see the correct voltage when the station is powered by a portable generator. The three locations are at the line and load side of the load bank breaker and on the load side of the main breaker.

The contractor shall perform the following:

1. Remove the existing PTs.
2. Install new PTs with fuses per PCO 41.
3. Modify the relay programming as needed to ensure that the relays are reading the correct voltage and use the appropriate protective elements depending on configuration when the station is powered by (wye) utility/stationary generator or (delta) portable generator/load bank transformer.
4. Test the station using a portable generator per PCO 41.
5. Any issues identified during testing shall be addressed by the Contractor.

Contract Routing Sheet

☐ **Payment / Performance Bond Only**

General Routing Information

Department: Utilites Department

Contract Coordinator: Robyn Noguchi Email: rnoguchi@cityofsacramento.org

Effective Date: _____ Expiration Date: _____

Grant/Project Name: Public Improvement Acceptance Agreement Sacramento Railyards Project P15-040

Other Party: Downtown Railyard Venture, LLC

Original Not to Exceed Amount: \$75,000

Assessor's Parcel Number(s): _____

Project Number: _____ Bid/RFQ/RFP#: _____

Supplements/Addendums/Change Orders ☐

Adjusted Amount of this Change (+/-): _____ New Not to Exceed Amount: _____

Change In Scope: No

Original Contract Number: _____ Supplement Number: _____

Council Approval ☒

Original Meeting Date: 07/21/2026 Council File ID: 2026-01302

Supplement Meeting Date: _____ Council File ID: _____

Processing Information

- | | |
|---|--|
| ☐ Clerk's Office to Mail for Recording | ☐ Return to Dept for Recording |
| ☐ Return to Dept for Other Party Signature | ☐ Construction Related |
| ☐ Real Estate | ☐ Additional Originals Attached – Return to Dept. |

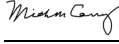
Add notes/instructions, including any other contract or council file ID numbers related to this agreement:

Signing Authority - Department Directors up to \$100K; \$100K -\$250K City Manager or Assistant City Manager; \$250K+ Council Approval & Council Appointee or designee.

Department Review and Routing

AB 339 Review Confirmation (if needed) _____

Sign  _____

Sign  _____

Sign  Dalia Padl (Jul 7, 2026 11:00:02 PDT) _____

Sign _____

Sign _____

**PUBLIC IMPROVEMENT
ACCEPTANCE AGREEMENT
Sacramento Railyards Project P15-040**

This PUBLIC IMPROVEMENT ACCEPTANCE AGREEMENT (hereinafter "Agreement") is made and entered into as of this _____ day of _____, 2026 ("Effective Date"), by and between the CITY OF SACRAMENTO, a municipal corporation (hereinafter the "City") and Downtown Railyard Venture, LLC, a Delaware limited liability corporation (hereinafter "Developer"). The City and Developer may be referred to collectively as the "Parties" or in the singular as "Party," as the context requires.

BACKGROUND

A. **Existing Projects.** Certain projects within the corporate limits of the City are being developed as of the Effective Date subject to 1) the Amended and Restated Development Agreement for Sacramento Railyards Project No. P15-040, as amended ("Railyards DA"), and 2) building permits issued by the City (a listing of those projects (collectively, the "Existing Projects" and individually an "Existing Project") and the corresponding building permits ("Existing Projects Building Permits") are described on Exhibit A, attached hereto and incorporated by this reference). In conjunction with the City's approval of the Railyards DA, the City also approved a Tentative Subdivision Map for the Sacramento Railyards Project No. P15-040 ("Tentative Map"). The satisfaction of Condition A83 (as hereinafter defined) to the Tentative Map is a requirement imposed by the City in the Existing Projects Building Permits for each Existing Project.

B. **Pump Station Condition.** Condition A83 to the Tentative Map ("Condition A83") provides: "Construct DOU [Department of Utilities] approved pump station and discharge pipes, and construct inlet and outlet structures for the pump station at the time specified by DOU. The construction shall be to the satisfaction of the DOU. The applicant is responsible for obtaining all necessary permits, easements and approvals from federal, state and local agencies, and private landowners for the construction of these facilities."

C. **Purpose.** The purpose of this Agreement is to provide for: 1) the City's acceptance of the pump station required by Condition A83 ("Sump 163") at substantial completion; and 2) satisfaction of Condition A83 required by the Existing Projects Building Permits for the Existing Projects in exchange for: A) the Developer's commitment to expeditiously finish the punch list items required to obtain a Notice of Completion for the Sump 163 project; and B) the Developer's execution of a separate agreement to complete remaining elements of the Sump 163 project consisting of installation of a load bank and potential transformers consistent with City specifications for the project ("Sump 163 Remaining Elements").

AGREEMENT

NOW, THEREFORE, based on the Background, the mutual promises and covenants of the Parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I ACCEPTANCE

1.1 **Substantial Completion.** Effective as of the date the City acknowledges substantial completion of Sump 163 in writing and issues Developer a punchlist as specified in Section 8-4 of the Standard Specifications of the City of Sacramento (which for clarification does not include the Sump 163 Remaining Elements), the City shall accept Sump 163 and the Developer's irrevocable offer of dedication for the property underlying Sump 163.

1.2 **Punchlist Items.** Developer shall diligently work to complete all items identified in the punchlist referred to in Section 1.1 and necessary for the issuance of a Notice of Completion within three (3) months of the execution of this Agreement, including approved operations and maintenance manuals, as-built drawings, and any other items identified by the City in writing at the time of issuance of the punchlist.

1.3. **Deposit.** Developer shall furnish City with a deposit in the amount of \$75,000 for City to hold until the City issues a Notice of Completion for Sump 163. Upon issuance of the Notice of Completion for Sump 163, City shall return the deposit to Developer within 15 days. If Developer has not completed the punchlist items within the time specified in Section 1.2, the City may provide written notification to Developer that it intends to use funds from the deposit to complete some or all of the remaining punchlist items. The City shall provide the written notice at least ten days prior to withdrawing funds from the deposit.

1.4 **Representatives.** Each Party shall notify the other Parties of the name and contact information of their respective "Project Manager," who shall have the authority to direct the punchlist work on Sump 163 and grant the approvals as set out in this Agreement on behalf of that Party.

1.5 **Indemnification for Claims.** The Developer agrees and covenants to, and shall fully indemnify, defend and hold harmless, City and its elective and appointive boards, commissions, officers, employees, agents, contractors, and subcontractors from and against any and all liabilities, penalties, losses, damages, costs, expenses (including reasonable attorneys' fees, whether for outside counsel or the City Attorney), causes of action, claims, or judgments (collectively "Claims") arising by reason of any death, bodily injury, personal injury, property damage, and losses related to independent contractors, products and equipment, explosion, collapse, underground hazards or violation of any law or regulation to the extent arising from any actions or omissions in connection with the completion of the

punchlist work by the Developer, which includes the Developer's officers, employees, agents, contractors and subcontractors.

Notwithstanding the foregoing paragraph, the Developer shall not be liable hereunder to indemnify, defend or hold harmless City or its elective and appointive boards, commissions, officers, employees, agents, contractors, or subcontractors against any Claims alleging the sole and active negligence of City arising from City's inspection and maintenance of the Improvements; provided that nothing in this Agreement shall be construed as a waiver by City of any immunity or defense it may have under applicable laws relating to any such Claim, including without limitation, immunity or defenses relating to the design of the Improvements and construction, operation, and maintenance thereof.

1.6 **Insurance.** During the entire term of this Agreement, Developer shall maintain, or cause its contractor to maintain, the insurance coverage described in Exhibit B, attached hereto and incorporated by this reference.

ARTICLE II

CONDITIONS RELATED TO THE ACCEPTANCE OF SUMP 163

2.1. **Removal of Condition to Railyards Development Projects.** Effective as of the date the City acknowledges substantial completion of Sump 163, Developer furnishes the deposit identified in section 1.3 above, and the Parties execute a separate agreement to complete the Sump 163 Remaining Elements, the City agrees to remove and deem Condition A83 satisfied as a requirement to the Existing Projects Building Permits for the Existing Projects.

ARTICLE III

MISCELLANEOUS PROVISIONS

3.1 **Dispute Resolution.** With respect to any breach or dispute arising under this Agreement, the Parties shall meet and attempt, in good faith and in using their best and reasonable efforts, to resolve the same prior to initiating legal action.

3.2 **Legal Actions by Parties.** In addition to any other rights or remedies as set out in this Agreement, either Party may institute legal action to enforce or require performance of the terms of this Agreement, to cure, correct, or remedy any default by any other Party to this Agreement, or to enjoin any threatened or attempted violation hereunder.

This Agreement shall be construed and enforced in accordance with the laws of the State of California, the state in which the Agreement is signed. The Parties agree to submit any disputes arising under the Agreement to a court of competent jurisdiction located in Sacramento, California. Nothing in this Agreement shall be construed to prohibit the Parties from engaging in alternative dispute resolution processes prior to initiating legal proceedings, including, without limitation, mediation and arbitration, upon the discretion and mutual consent of the Parties.

3.3 **Enforced Delay, Extension of Times of Performance.** In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or default are due to war, insurrection, strikes, walkouts, riots, floods, drought, rain, earthquakes, fires, casualties, acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulation, litigation, or similar bases for excused performance.

3.4 **Representations.** Each individual executing this Agreement on behalf of its corporation represents and warrants that he or she has been authorized to do so by the entity on whose behalf he or she executes this Agreement and that the entity will thereby be obligated to perform the terms of this Agreement. Each of the covenants, conditions and statements contained in this Agreement was and is a material inducement to City to enter into this Agreement and City materially relied upon each such covenant, condition, and statement in making this Agreement. The Developer also represents that to the extent approval of this Agreement is required by any lender, its members, or by any third party, such consent has been obtained prior to Developer's execution of this Agreement.

3.5 **Term of Agreement.** This Agreement shall become effective as of the Effective Date. This Agreement shall continue until: 1) the City's issuance of a Notice of Completion for Sump 163 and return of the Developer's deposit, or 2) this Agreement is mutually terminated by the Parties.

3.6 **Successors.** Developer shall not transfer or assign the Developer's obligations under this Agreement without the City's prior written consent. All the covenants, terms and conditions set forth in this Agreement shall be binding upon the Parties and to their respective heirs, successors and assigns. All the covenants, terms and conditions set forth in this Agreement shall inure to the benefit of the respective heirs, successors and assigns of the Parties subject to compliance with the provisions of this section and section 3.3.

3.7 **Amendment.** No waiver, alteration, or modification of this Agreement shall be valid unless made in writing and signed by each Party. In the event of a conflict between this Agreement and any other agreement or understanding executed by the Parties subsequent to the commencement of this Agreement, the terms of this Agreement shall prevail and be controlling unless such other agreement expressly provides to the contrary.

3.8 **Survivorship.** The Developer's obligations and covenants arising under this Agreement pertaining to indemnity and attorneys' fees, and in particular as those obligations are set out in section 1.5, shall survive the termination of this Agreement.

3.9 **No Agency, Joint Venture, Partnership, or Other Relationship.** Neither the Developer nor any of Developer's respective employees, agents, consultants, contractors or subcontractors are or shall be considered to be agents of

City in connection with the performance of any of the Developer's obligations under this Agreement. Nothing contained in this Agreement or in any other document executed in connection with this Agreement shall be construed as creating a joint venture or partnership between City and the Developer. Each Party is acting as an independent entity and not as an agent of the others in any respect.

3.10 **No Third Parties Benefited.** This Agreement is made and entered into for the sole protection and benefit of Parties, and the Parties' successors and assignees. No Person who is not a qualified successor of a Party or an assignee pursuant to section 3.6 of this Agreement, or who has not become a party by duly adopted amendment to this Agreement, may claim the benefit of any provision of this Agreement.

3.11 **Notices.** Any notice required or elected to be given hereunder shall be given by placing the notice in the United States mail, postage prepaid, and addressed in accordance with the provisions of this section. If sent by U.S. Mail, notices, invoices, and payments must be addressed as set forth below, with postage prepaid in full, and will be considered given when actually received. A Party may change its address for these purposes by giving notice of the change to the other Party in the manner provided by this section.

If to City:	Director, Department of Utilities 1395 35 th Avenue Sacramento, CA 95822
-------------	---

If to Developer:	Downtown Railyard Venture, LLC 3140 Peacekeeper Way McClellan, CA 95652 Attn: Manager and General Counsel
------------------	--

3.12 **Covenant of Good Faith and Cooperation.** The Parties agree that each of them shall at all times act in good faith and to cooperate with one another in order to carry out the terms of this Agreement. Any information which is readily available and required by one Party from the other Party to carry out that Party's obligations under this Agreement shall be provided to that Party within a reasonable period of time and at no cost.

3.13 **Nonwaiver.** A Party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon the other Party's breach of this Agreement will not constitute a waiver of the performance, right, or remedy. Waiver of any default or any right or remedy under this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent default or any right or remedy either of the same occurrence or event or of another provision of this Agreement. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought.

3.14 **Construction.** This Agreement shall be construed as a whole

according to its fair language and common meaning to achieve its objectives and purposes of the Parties. The Parties have had the opportunity to be represented by legal counsel of their own choice in the preparation of this Agreement and no presumption or rule that "an ambiguity shall be construed against a drafting party" shall apply to the interpretation or enforcement of any provision hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain, and shall be disregarded in the construction and interpretation of this Agreement.

3.15 **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement is held invalid, void or unenforceable by a court of competent jurisdiction, but the remainder of the Agreement can be enforced without failure of material consideration to any Party, then this Agreement shall not be affected and it shall remain in full force and effect, unless amended or modified by mutual consent of the Parties as provided in section 3.7. If any provision of this Agreement is held invalid, void or unenforceable and the remainder of the Agreement cannot be enforced without failure of material consideration to any Party, any Party shall have the right, in its sole discretion, to terminate this Agreement for its convenience upon providing written notice of such termination to the other Parties and specifying the effective date thereof.

3.17 **Other Agreements.** This Agreement is not intended to, and shall not, cancel, supersede, modify or otherwise affect any other agreements which have been or may be made or any approvals or permits which have been issued between or by any Party regarding the subject matter hereof unless expressly set out herein.

3.18 **Integrated Documents/Entire Agreement.** This Agreement, the Exhibit and the documents incorporated by reference in this Agreement or in the Exhibit are to be considered as one document and default of any of the provisions contained herein or therein shall be considered a default of this Agreement. This Agreement, including the Exhibit and documents incorporated herein by reference, integrates all of the terms and conditions related or incidental to its subject matter and constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement. No oral or written statement, representation, or agreement - written, oral, express, or implied - concerning the subject matters contained herein shall be of any force or effect whatsoever, and shall be deemed to have been superseded by the terms hereof.

[signature page follows]

IN WITNESS WHEREOF, the City and the Developer have executed this Agreement as of the Effective Date.

City:

CITY OF SACRAMENTO,
a Municipal Corporation

By: _____
Ryan Moore, Assistant City Manager
For Maraskeshia Smith, City Manager

APPROVED AS TO FORM:

By: Michael Voss
Senior Deputy City Attorney

ATTEST:

By: _____
Assistant City Clerk

Developer:

Downtown Railyard Venture, LLC, a Delaware limited liability corporation:

By: Larry Denton Kelley
Larry Denton Kelley (Jul 6, 2026 11:38:29 PDT)

Date: 07/06/2026

By: _____

Date: _____

Exhibit A
Existing Projects and Existing Projects Building Permits

1. Kaiser Permanente Sacramento Railyards Medical Center (P24-006) – The project would develop a major medical campus on approximately 17.41 acres within the Sacramento Railyards, consisting of an eight-story, 657,500-square-foot, 312-bed hospital; a five-story, 171,600-square-foot medical office building; a two-story, 32,500-square-foot central energy center; a 900-square-foot fire pump house; a 1,500-stall, 490,250-square-foot parking garage; a 199-stall surface parking lot; and associated site improvements.
2. Sacramento Republic FC Stadium (Z25-042) and related improvements including development of a soccer stadium with a main VIP building, grandstands, ancillary support buildings, associated plaza areas, lighting, and offsite transportation and utility infrastructure improvements.
3. Paint Shop (building permit numbers – COM-2223065, COM-2522754).
4. Central Shops Plaza, Intermodal Entrance and temporary parking (building permit numbers COM-2517865 (plaza), COM-2226683 (intermodal entrance), COM – 2312913 (temp parking)).
5. Pavillion Building at Central Shops Plaza (building permit number COM-2226439).
6. Bercut Cul-de-Sac and related infrastructure (as described in Record No. CPC26-0006).

Exhibit B

Insurance Requirements

Insurance Requirements. Developer shall maintain, or cause its contractor to maintain, the following insurance against liabilities arising out of activities performed by or on behalf of Developer. It is understood and agreed by the Developer that its liability to the City shall not in any way be limited to or affected by the amount of insurance coverage required or carried by the Developer in connection with this Agreement.

1. Minimum Scope & Limits of Insurance Coverage.

- a. Commercial General Liability Insurance providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, arising out of activities performed by or on behalf of Developer, its contractors, and subcontractors and premises owned, leased, or used by Developer, its contractors and subcontractors, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.
- b. Automobile Liability Insurance providing coverage at least as broad as ISO Form CA 00 01 for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per accident. The policy shall provide coverage for owned, non-owned and/or hired autos as appropriate to the operations of the Developer.

No automobile liability insurance shall be required if Developer completes the following certification:

"I certify that a motor vehicle will not be used in the performance of any work or services under this agreement." _____ (Developer's initials)

- c. Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limits of not less than one million dollars (\$1,000,000). The Workers' Compensation policy shall include a waiver of subrogation in favor of the City.

No Workers' Compensation insurance shall be required if Developer completes the following certification:

"I certify that my business has no employees, and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance." _____ (Developer's initials)

2. Additional Insured Coverage.

- a. Commercial General Liability Insurance: The City, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out: of activities performed by or on behalf of the Developer and its contractors or subcontractors, products and completed operations of Developer and its contractors or subcontractors, and premises owned, leased or used by Developer and its contractors or subcontractors.
 - b. Automobile Liability Insurance: The City, its official's employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects auto liability.
- 3. Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:
 - a. Developer's insurance coverage, including excess insurance, shall be primary insurance as respects City, its officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officials, employees or volunteers shall be in excess of Developer's insurance and shall not contribute with it.
 - b. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officials, employees or volunteers.
 - c. Coverage shall state that the Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - d. City will be provided with thirty (30) days written notice of cancellation or material change in the policy language or terms.
- 4. Acceptability of Insurance. Insurance shall be placed with insurers with a Bests' rating of not less than A:VI. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section must be declared to and approved by the City in writing prior to execution of this Agreement.
- 5. Verification of Coverage.
 - a. Developer shall furnish City with certificates and required endorsements evidencing the insurance required within fifteen (15) days of execution of this Agreement and prior to engaging in any work required by this Agreement. The certificates and required endorsements shall provide that no cancellation, major change in coverage, or expiration may be effected by the insurance company or the insured during the term of this Agreement, without first giving the City thirty (30) days written notice prior to the effective date of such cancellation or change in coverage. The certificates and endorsements shall be forwarded to the Department of

Utilities Director. Copies of policies shall be delivered to the City on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.

- b. For all insurance policy renewals during the term of this Agreement, Contractor shall send insurance certificates reflecting the policy renewals directly to:

City of Sacramento
c/o Exigis LLC
PO Box 947
Murrieta, CA 92564

- 6. Subcontractors. Developer shall require and verify that all contractors and subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection 1, above.