

## CITY OF MERCED

Merced Civic Center  
678 W. 18th Street  
Merced, CA 95340



## Legislation Text

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File #: 24-809, Version: 1

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*Report Prepared by: Frank Quintero, Deputy City Manager and Director of Economic Development*

**SUBJECT:** Request from Valley Children's Hospital to Approve a Second Amended and Restated Grant Deed

**REPORT IN BRIEF**

Valley Children's Hospital (VCH) is requesting approval of Second Amended and Restated Grant Deed with changes to the terms related to Covenant to Construct and Repurchase Price.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Approving the Second Amended and Restated Grant Deed between the City of Merced and Valley Children's Healthcare for 301 E. Yosemite Avenue (Assessor's Parcel Number 231-040-021); and,
- B. Authorizing the City Manager to execute all the necessary documents.

**ALTERNATIVES**

1. Approve as recommended by staff; or,
2. Provide staff direction; or,
3. Refer to staff for reconsideration as requested by the City Council; or,
4. Defer action until a specific date; or,
5. Deny.

**AUTHORITY**

Section 200 of the Merced Municipal Code.

**CITY COUNCIL PRIORITIES**

As adopted in the Fiscal Year 2024-2025 Budget.

**DISCUSSION**Background

Valley Children's Healthcare entered into an agreement to purchase 4.54 acres from the City of Merced (Purchase and Sales Agreement) on February 19, 2019, as approved by the City Council. The subject site was purchased at a price of \$2.1-million and the City received the funds. The

subject is located at 301 E. Yosemite Avenue immediately east of the Yosemite Crossing commercial center (Attachment 1.)

Subsequently, VCH received Site Plan Review approval on January 16, 2020. During the Site Plan Review meeting, VCH's design team requested staff to re-evaluate the need and improvements for Children's Way. City staff assessed vacating Children's Way allowing for more site plan flexibility. Working on VCH's request to vacate the Children's Way right-of-way required coordination with the former owner, The Wathen Group, and the City of Merced. Processing the required right-of-way vacations took longer than anticipated resulting in four Amendments to the Purchase and Sale Agreement. Upon completion of vacating the right-of-way of the former Children's Way, the escrow closed in October 2022.

Project Description: As a reminder, Valley Children's Healthcare proposes to develop a pediatric primary and specialty care medical office building on the Former Police Headquarters Site. Valley Children's pediatricians and pediatric specialists would be the occupants of the medical office building. The first phase of the building may consist of 15,000 to 20,000 square feet. They anticipate that demand for pediatric services in Merced could grow to require a 40,000-square-foot medical office at full build-out.

VCH's Request: VCH is requesting approval of a Second Amendment and Restated Grant Deed (Attachment 2.) A key objective of any amendment and restatement is to make certain that the restatement supersedes but does not release the prior document. In this case, VCH is asking for the City to consider amending terms in the Grant Deed while maintaining its original provisions. Main terms under consideration for change include the following:

1. Covenant to Construct - Commencement of Construction of the Project shall occur within 5-years after the effective date. Currently, the term is for construction to take place by October 2024.

1(b). Exercise of Repurchase Option: The City shall have 45-days after the expiration of the Pre-Construction Period to exercise its Repurchase Option. Currently, the City has 7-days.

1(c). Repurchase Price - The Repurchase Price of the subject site shall be the original price sold minus the Broker's Commission and minus \$1000.00 per month for every month during the five-year period for a total not to exceed \$60,000.00.

The perfect storm of a 2-year pandemic, increasing interest rates, supply chain issues, and increasing construction costs has resulted in delays. VCH resources were severely impacted by the circumstances and is requesting Council to approve the Second Amended and Restated Grant Deed. The Council strongly supported the original transaction, and the project was also supported by the community. The ultimate construction of the VCH facility will enhance healthcare services within the City of Merced.

## **IMPACT ON CITY RESOURCES**

The Second Amendment and Restated Grant Deed does not require any appropriations from the General Fund.

## **ATTACHMENTS**

1. Location Map
2. Proposed Second Amendment and Restated Grant Deed



**ATTACHMENT 1**

MANSIONETTE DR

REDWING CT

**SUBJECT  
SITE**

YOSEMITE AVE

6 ST

**CITY OF MERCED  
SUBJECT SITE  
VALLEY CHILDREN'S HOSPITAL  
301 E. YOSEMITE AVE**





**RECORDING REQUESTED BY**

City of Merced  
City Clerk's Office  
678 W. 18<sup>th</sup> Street  
Merced, CA 95340

**AND WHEN RECORDED MAIL TO:**

Valley Children's Hospital  
9300 Valley Children's Place  
Madera, California 93636  
Attn: William E. Chaltraw

**MAIL TAX STATEMENTS TO:**

(Same as above)

APN: 231-040-040

(Above Space for Recorder's Use Only)

**The undersigned declares exemption under the following:**

Pursuant to Revenue and Taxation Code section 11929 no transfer tax is due. Grantor is a governmental agency and Grantee is a nonprofit corporation.

The undersigned grantor(s) declare(s):  
Documentary Transfer Tax is \$ 0

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area /  Grantor of Merced

**SECOND AMENDED AND RESTATED GRANT DEED**

The City of Merced, a California Charter Municipal Corporation ("**Grantor**") and Valley Children's Hospital, a California nonprofit public benefit corporation ("**Grantee**") entered into that certain Purchase and Sale Agreement dated as of April 18, 2019 (as amended and assigned, the "**Purchase Agreement**") pursuant to which certain covenants of Grantee survive closing.

Grantor and Grantee entered into that certain Grant Deed dated as of October 27, 2020 and recorded on November 16, 2020 as Instrument No. 2020042266 in the Official Records of the County of Merced ("**Official Records**") for the Property attached on Exhibit A thereto ("**Original Grant Deed**"). Thereafter Grantor vacated an adjacent public right of way and transferred the same to Grantee under that certain Amended and Restated Grant Deed dated as of August 1, 2022 and recorded on October 5, 2022 as Instrument No. 2022034547 in the Official Records for the Property attached on Exhibit A thereto ("**Amended Deed**"), which amended the Property legal description to include such vacated right of way and to change the commencement date for certain obligations as set forth therein. The Property was later merged into one parcel by that certain Parcel Map (Lot Merger No. 22-01) dated July 2022, and recorded on November 8, 2022 as Instrument No. 2022037839 in the Official Records ("**Merger Map**").

Grantor and Grantee now desire to amend and restate the Amended Deed to change the commencement date for certain obligations as set forth herein. The Amended Deed is hereby terminated as of the date hereof in its entirety and replaced by this Second Amended and Restated Grant Deed.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Grantor does hereby grant to Grantee, the real property in the County of Merced, State of California, described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property").

1. Covenant to Construct. A material consideration to Grantor's conveyance of the Property to Grantee is Grantee's development of the Property with a medical clinic ("**Project**"). Grantee expressly covenants and agrees for itself, its successors and assigns and all persons claiming under or through it, that as to the Property, the Commencement of Construction on the Project ("**Covenant to Construct**") shall occur no later than five (5) years after the Effective Date, defined below ("**Pre-Construction Period**"). The term "**Commencement of Construction**" shall mean the date upon which the written Notice to Proceed has been issued for construction to the design builder for the Project. In the event that Commencement of Construction of the Project does not occur on or before the expiration of the Pre-Construction Period, the Grantor shall have, as its sole and exclusive remedy (in accordance with the terms and conditions set forth in the Purchase Agreement), the right and option to repurchase the Property as set forth herein ("**Repurchase Option**").

(a) Term of Covenant to Construct. The term of this Covenant to Construct shall commence on the recordation date of this Second Amended and Restated Grant Deed ("**Effective Date**") and shall expire upon: (i) the Commencement of Construction; (ii) if construction is not commenced on or before the Pre-Construction Period, and the Grantor elects to exercise the Repurchase Option, then upon the Grantor's exercise of the Repurchase Option; or (iii) if construction is not commenced on or before the Pre-Construction Period, then upon the expiration of the Option Period if the Repurchase Option is not exercised. Upon the expiration of the Repurchase Option under subsection (i) and (iii), Grantor shall deliver to Grantee for recordation within five (5) days after receipt of a written request therefor, the Notice of Satisfaction of Certain Obligations and Release and Quitclaim, in the form attached hereto as Exhibit "B" and incorporated herein, executed and in recordable form releasing Grantee from the Covenant to Construct and terminating the Covenant to Construct with respect to the Property and releasing and quitclaiming all rights, interest and title in the Repurchase Option.

(b) Exercise of Repurchase Option. In the event that Commencement of Construction fails to occur by the expiration of the Pre-Construction Period, Grantor shall have forty five (45) days after the expiration of the Pre-Construction Period to exercise its Repurchase Option with respect to the Property ("**Option Period**") by delivering written notice of exercise to Grantee within the Option Period ("**Notice of Exercise**"). If Grantor fails or elects not to exercise its Repurchase Option as to the Property on or before the expiration of the Option Period, then the Repurchase Option shall automatically expire and Grantor shall not be entitled to exercise its Repurchase Option as to the Property thereafter.

(c) Repurchase Price. The price (“**Repurchase Price**”) at which Grantor shall be entitled to repurchase the Property shall be the Purchase Price as defined under the Purchase Agreement minus the Broker’s commission paid under the Purchase Agreement minus One Thousand Dollars and No/100 (\$1,000.00) per month for every month during the five (5) year Pre-Construction Period (for a total not to exceed Sixty Thousand Dollars and No/100 (\$60,000.00)). The Repurchase Price shall not include: (i) any interest on the Purchase Price paid by Grantee under the Purchase Agreement; (ii) any compensation for appreciation in the Property, reimbursement for any improvements installed by Grantee on the Property; (iii) any costs incurred by Grantee in the development of the Property; or (iv) City, County or other taxes or assessments levied or assessed against the Property.

2. Covenant Not to Convey. The Grantor desires that Grantee shall not convey the Property prior to the completion of construction of the first main building of the Project without the Grantor’s consent. For the purposes of this Covenant Not to Convey: (i) the defined term “**Completion of Construction**” shall mean the date upon which a Certificate of Occupancy has been issued for at least one main building in the Project; and (ii) the term “convey” or “conveyance” shall mean and refer to any conveyance, transfer or assignment of fee title to the Property, or any portion thereof, whether by agreement (such as a deed, contract of sale, or otherwise) or by operation of law; provided, however, that notwithstanding the foregoing, the term “convey” or “conveyance” shall not include or refer to any assignment or transfer by Grantee of any interest in the Property, or any portion thereof to any party with whom there is a common ownership interest with Grantee and/or any party with fifty percent (50%) or more control in or by Grantee or Valley Children’s Medical Group and shall not preclude Grantee’s right to encumber the Property, or any portion thereof, by loan(s) secured by deeds of trust (“**Permitted Transferee(s)**”). Grantee expressly covenants and agrees for itself, its successors and assigns and all persons claiming under or through it, that during the Non-Conveyance Period (defined below), Grantee shall not convey all or any portion of the Property to any party without Grantor’s prior written approval, which approval may be withheld in Grantor’s sole and absolute discretion (“**Covenant Not to Convey**”).

(a) Term of Covenant Not to Convey. The term of this Covenant Not to Convey (“**Non-Conveyance Period**”) shall commence on the Effective Date and shall expire upon the Completion of Construction (“**Expiration Date**”).

(b) Grantor Approval of Transfers. During the Non-Conveyance Period, if Grantee desires to convey the Property to any party other than a Permitted Transferee (“**Transferee**”) prior to any proposed conveyance of the Property or any portion thereof, Grantee shall deliver to Grantor prior written notice (“**Notice of Intent to Convey**”) setting forth: (a) the date that Grantee intends to convey the Property (“**Proposed Conveyance Date**”); (b) a legal description of the Property or portion thereof which Grantee proposes to convey (the “**Proposed Conveyance Property**”); and (c) the identity of the proposed Transferee. The Notice of Intent to Convey shall be delivered to Grantor at least thirty (30) days prior to the Proposed Conveyance Date. Grantor shall, within fifteen (15) days after receipt of Grantee’s Notice of Intent to Convey, deliver to Grantee a notice of approval or disapproval of the proposed Transferee (“**Notice of Determination**”). If the Grantor disapproves of the proposed Transferee, Grantee shall have fifteen (15) days from the date of delivery of the Notice of Determination to terminate all contracts and/or agreements, if any, to

convey the Property to the proposed Transferee and deliver to Grantor evidence of such termination (“**Notice of Termination of Negotiations**”).

(c) Termination of Covenant Not to Convey. Upon the Completion of Construction, this Covenant Not to Convey shall automatically terminate and the Grantor shall deliver to Grantee within five (5) days thereafter, an executed Notice of Satisfaction of Certain Obligations and Release and Quitclaim in recordable form releasing Grantee from the Covenant to Not to Convey and terminating the Covenant Not to Convey with respect to the Property.

3. Non-Discrimination. Grantee shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Grantee covenants for itself and all persons claiming under or through it, and this Second Amended and Restated Grant Deed is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof.

All deeds or leases made or entered into by Grantee, its successors or assigns, as to any portion of the Property or the improvements constructed as part of the Project shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons,



as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

4. Force Majeure. Any deadline with respect to Grantee’s obligations with respect to the Covenants shall be extended for the period of time its performance is prevented or delayed by Force Majeure (“**Force Majeure Period**”). “**Force Majeure**” shall mean delay caused by (i) an earthquake, hurricane, tsunami, tornado, storm, flood or other similar natural catastrophe, other natural forces or acts of God; (ii) strikes, lock outs, labor unrest, work stoppage, boycott and other labor difficulties, or inability to obtain materials; (iii) any moratorium on the availability of utilities or permits for the Property or delays in obtaining any government approvals (or responses in connection with requesting approvals) required for the Project beyond normal time periods for obtaining such responses or approvals; (iv) public enemy, terrorism, war, riot, or other similar civil disturbance; (v) any litigation pertaining to the Property, including but not limited to appeals or litigation of any government denials or approvals, referenda or initiatives, or anything which legally prevents Grantee from obtaining all necessary discretionary and ministerial entitlements or other permits or approvals in a final, non-appealable form, including without limitation any mediation, arbitration, litigation or other administrative or judicial proceeding pending involving the entitlements or other Project permits or approvals; (vi) vandalism or property destruction to the Property or infrastructure serving the Property causing a delay to the development of the

Property; or (vii) pandemic, quarantine, shelter in place orders or other similar executive orders, state directives or county requirements prohibiting or impeding entitlement, design or construction of the Project. Grantee shall give Grantor prompt written notice if it is delayed by an event of Force Majeure. In addition, to the extent that Grantee's obligations cannot be effectuated because of a Force Majeure event during a Force Majeure Period, Grantee shall be excused from such obligation for that time period (i.e., a government taking shall be excused as a Force Majeure event during the Non-Conveyance Period, but Grantee's sale of the Property during the Non-Conveyance Period due to a pandemic would not be excused under the terms of this Section 4).

5. Encumbrances. Grantee shall have the right to encumber the Property, or any portion thereof, by loan(s) secured by deeds of trust for the construction of the Project. Grantor agrees that it shall execute an agreement subordinating Grantor's interest in this Deed to the lien of any such deed of trust for the construction of the Project; provided that, during the term of the Covenant to Construct and Covenant Not to Convey, the following conditions precedent shall be satisfied:

(i) Grantee is not in material default under the Covenant to Construct or Covenant Not to Convey; and

(ii) The deed of trust is in favor of an institutional lender or lenders, which, for purposes of this Agreement, shall mean a state or national bank, a state or federal savings and loan association, a life insurance company or mortgage correspondent thereof. "**Institutional lender**" shall also include any other lender approved by Grantor in writing, which approval will not be unreasonably withheld, delayed or conditioned.

The conditions precedent in Section 5(i) and (ii) only apply during the term of the Covenant to Construct and the Covenant Not to Convey and shall be terminated upon the recordation of Notice of Satisfaction of Certain Obligations and Release and Quitclaim for the Covenant Not to Convey.

6. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Second Amended and Restated Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument encumbering the Property for the construction of the Project; provided, however, that any successor of Grantee to the Property (other than the Grantor in the event Grantor acquires title to the Property, or any part thereof, pursuant to a foreclosure, deed in lieu of foreclosure, or trustee's sale under the deed of trust recorded for the benefit of Grantor) shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

7. Effect, Duration and Enforcement of Covenants.

(a) General Covenants. The covenants and agreements set forth in Section 3 are referred to herein as "**General Covenants**." It is intended and agreed that the General Covenants shall be covenants running with the land and that they shall be, in any event and without regard to technical classification or designation, legal or otherwise, to the fullest extent permitted by law and equity, (i) binding for the benefit and in favor of Grantor, as beneficiary;

and (ii) binding against Grantee, its successors and assigns to or of the Property and any improvements thereon or any part thereof or any interest therein, and any party in possession or occupancy of the Property or the improvements thereon or any part thereof. It is further intended and agreed that the General Covenants shall remain in effect without limitation as to time; provided, however, that such General covenants shall be binding on Grantee itself, each successor in interest or assign, and each party in possession or occupancy, respectively, only for such period as it shall have title to or an interest in or possession or occupancy of the Property or part thereof.

(b) Covenant to Construct and Covenant Not to Convey. It is intended and agreed that the Covenant to Construct and the Covenant Not to Convey set forth in this Second Amended and Restated Grant Deed shall not be General Covenants and not be subject to Section 7(a) above, but shall be covenants running with the land until terminated or expired as set forth herein. It is further intended and agreed that the Covenant to Construct and the Covenant Not to Convey shall remain in effect only during the time period specified herein; provided, however, that such Covenant to Construct and the Covenant Not to Convey shall be binding on Grantee itself, each successor in interest or assign, and each party in possession or occupancy, respectively, only for such period as it shall have title to or an interest in or possession or occupancy of the Property or part thereof. The Covenant to Construct and the Covenant Not to Convey and the General Covenants shall be referred to herein as "Covenants."

(c) Enforcement. Grantor shall have the right, in the event of any and all of such Covenants (excluding the Covenant to Construct, which sole remedy is set forth in Section 1 above) of which it is stated to be the beneficiary, to institute an action for injunction and/or specific enforcement to cure an alleged breach or violation of such Covenants, subject to Section 7(d) below. Grantee shall not be liable to Grantor or any beneficiaries for any damages caused by any breach or violation of a Covenant by Grantee under any circumstances, including but not limited to expenditure of money to cure a breach or violation by Grantee, nor shall Grantor have the right to void or rescind the conveyance of the Property to Grantee pursuant to this Second Amended and Restated Grant Deed as a result of any breach or violation of a Covenant by Grantee under any circumstances except as otherwise provided herein.

(d) Grantee shall be entitled to written notice from Grantor and have the right to cure any alleged breach or violation of the Covenant Not to Convey and all or any of the General Covenants set forth in this Second Amended and Restated Grant Deed; provided that Grantee shall cure such breach or violation within thirty (30) days following the date of written notice from Grantor, or in the case of a breach or violation not reasonably susceptible of cure within thirty (30) days, Grantee shall commence to cure such breach or violation within such thirty (30) day period and thereafter diligently to prosecute such cure to completion within a reasonable time.

8. Amendments. Only the Grantor and its successors and assigns, and the Grantee and its successors and assigns in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Second Amended and Restated Grant Deed. For purposes of this Section, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and shall not include a tenant, lessee, easement holder, licensee, mortgagee,

trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and the Project.

9. Grantee's Acknowledgment. By its execution of this Second Amended and Restated Grant Deed, Grantee has acknowledged and accepted the provisions hereof.

10. Counterparts. This Second Amended and Restated Grant Deed may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

11. Inconsistent Provisions. If any provision, term or conditions of the Second Amended and Restated Grant Deed are inconsistent with the provision, term or conditions of the Purchase Agreement, the provision, term or conditions of this Second Amended and Restated Grant Deed shall prevail.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, the undersigned has executed this Second Amended and Restated Grant Deed as of \_\_\_\_\_, 2024.

**GRANTOR:**

GRANTOR OF MERCED,  
a California Charter Municipal Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**  
CITY CLERK

By: \_\_\_\_\_  
Assistant/Deputy Clerk

**APPROVED AS TO FORM:**

By: Craig Cornwall  
Name: Craig J. Cornwall  
Grantor Attorney

**GRANTEE:**

VALLEY CHILDREN'S HOSPITAL,  
a California Non Profit Public Benefit Corporation

By: Todd A. Sunkaput  
Name: Todd A. Sunkaput  
Its: CEO





**EXHIBIT "A" TO SECOND AMENDED AND RESTATED GRANT DEED**

**LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California, County of Merced and described as follows:

Parcel A, as shown on that certain map entitled "Lot Merger No. 22-01 Parcel Map for Valley Children's Hospital" recorded November 8, 2022, as Instrument No. 2022037839, in Book 121 Pages 8 through 9 inclusive, of Parcel Maps of Merced County, State of California.

NEW APN: 231-040-040



**EXHIBIT "B" TO AMENDED AND RESTATED GRANT DEED**

**FORM OF NOTICE OF SATISFACTION OF CERTAIN OBLIGATIONS AND  
RELEASE AND QUITCLAIM OF COVENANT**

**RECORDING REQUESTED BY:**

City of Merced  
City Clerk's Office  
678 W. 18<sup>th</sup> Street  
Merced, CA 95340

**AND WHEN RECORDED MAIL TO:**

Valley Children's Hospital  
9300 Valley Children's Place  
Madera, California 93636  
Attn: William E. Chaltraw

**Exempt Recording Per  
Gov't Code Section 6103**

(Above for Recorder's Use Only)

**MERCED, CALIFORNIA**

**NOTICE OF SATISFACTION OF CERTAIN OBLIGATIONS AND  
RELEASE AND QUITCLAIM OF COVENANT**

THIS NOTICE OF SATISFACTION OF CERTAIN OBLIGATIONS AND RELEASE AND QUITCLAIM OF COVENANT (this "**Notice and Release**") is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between City of Merced, a California Charter Municipal Corporation ("**Grantor**"), and Valley Children's Hospital, a California nonprofit public benefit corporation ("**Grantee**").

WHEREAS, Grantor and Grantee entered into that certain Purchase and Sale Agreement dated as of April 18, 2019 (as amended and assigned, the "**Purchase Agreement**") pursuant to which certain covenants of Grantee survive closing.

WHEREAS, Grantor conveyed the Property to Grantee pursuant to that certain Second Amended and Restated Grand Deed dated as of \_\_\_\_\_, 202\_ and recorded in the Official Records of Merced County on \_\_\_\_\_, 202\_ as Document No. \_\_\_\_\_ against certain real property set forth on Exhibit A attached hereto and incorporated herein ("**Property**"), which Second Amended and Restated Grant Deed contained terms and conditions concerning Grantee's Covenant to Construct and Covenant Not to Convey.

Exhibit A to Second  
Amended and Restated Grant  
Deed (301 E. Yosemite Ave)

WHEREAS, the [**Covenant to Construct or Covenant Not to Convey**] has expired or terminated pursuant to the terms and conditions set forth in the Purchase Agreement and Second Amended and Restated Grant Deed; and,

WHEREAS, pursuant to [**Section 1 or 2**] of the Second Amended and Restated Grant Deed, promptly after the expiration or termination of the term of [**Covenant to Construct or Covenant Not to Convey**], the City shall record a Notice and Release upon written request therefore by the Grantee; and,

WHEREAS, The City has conclusively determined that the Developer has satisfactorily completed the [**Covenant to Construct or Covenant Not to Convey**] as required by the Purchase Agreement and Second Amended and Restated Grant Deed.

**NOW, THEREFORE:**

1. Satisfaction. As provided in the Purchase Agreement and Amended and Restated Grant Deed, the City does hereby certify that: (i) the [**Covenant to Construct or Covenant Not to Convey**] has [**been fully and satisfactorily performed and completed or has expired/terminated**], (ii) the Project is in full compliance with the Agreement Purchase Agreement and Second Amended and Restated Grant Deed as of the date of this Notice and Release; and (iii) [**Covenant to Construct or Covenant Not to Convey**] is hereby terminated.

2. Release. Grantor hereby remises, releases, and forever quitclaims all of the rights and obligations of the parties under [**Section 1 or 2**] of the Second Amended and Restated Grant Deed, including the conditions precedent in Section 5(i) and (ii), with respect to the [**Covenant to Construct or Covenant Not to Convey**].

3. Financing. This Notice of Satisfaction of Certain Obligations shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the work of rehabilitation, construction, and development of the improvements, or any part thereof.

4. Notice of Completion. This Notice of Satisfaction of Certain Obligations is not a Notice of Completion as referred to in Section 3093 of the California Civil Code.

5. Ratification. This Notice and Releases is intended only to terminate and release Grantor's rights under the [**Covenant to Construct or Covenant Not to Convey**]. Unless otherwise previously terminated by another recorded Notice of Satisfaction of Certain Obligations And Release And Quitclaim Of Covenant, all other provisions of the Agreement [**including, but not limited to, Section 2 of the Second Amended and Restated Grant Deed,**] remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City has executed this Notice and Release as of the date first above written.

**GRANTOR:**

GRANTOR OF MERCED,  
a California Charter Municipal Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**  
CITY CLERK/SECRETARY

By: \_\_\_\_\_  
Assistant/Deputy Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Grantor Attorney

**GRANTEE:**

VALLEY CHILDREN'S HOSPITAL,  
a California Non Profit Public Benefit  
Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_





