

**REAL PROPERTY
PURCHASE AND SALE AGREEMENT**

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (this “**Agreement**”) dated as of August __, 2017 (the “**Effective Date**”), is made by and between MCCLATCHY NEWSPAPERS, INC., a Delaware corporation dba The Merced Sun-Star (“**Seller**”), and CITY OF MERCED, a California charter municipal corporation (“**Buyer**”), with reference to the following facts:

RECITALS

A. Seller owns that certain real property located in the City of Merced, County of Merced (the “**County**”), State of California, commonly known as 3033 North G Street, 95340 bearing Assessor’s Parcel No. 007-350-009 and more particularly described in **Exhibit A** attached hereto and made a part hereof (the “**Property**”).

B. On the terms and conditions set forth in this Agreement, Seller desires to sell and Buyer desires to purchase the Property.

AGREEMENT

NOW THEREFORE, for valuable consideration, receipt and sufficiency of which is hereby acknowledged and agreed, Buyer and Seller hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE

1.1 **The Property.** Seller agrees to sell and convey the Property to Buyer and Buyer agrees to acquire and purchase the Property from Seller, on the terms and subject to the conditions set forth in this Agreement.

1.2 **Lease.** At the Closing (as defined below), Seller shall have the right, but not the obligation, to enter into a lease with Buyer pursuant to which Seller shall have the right to occupy the entirety of the Property in accordance with the terms of a lease in substantially the form attached as **Exhibit B** hereto (the “**Lease**”).

ARTICLE 2
PURCHASE PRICE

2.1 **Amount.** The total purchase price for the Property shall be One Million Six Hundred Twenty Thousand Dollars (\$1,620,000.00) (the “**Purchase Price**”).

2.2 **Deposit.**

2.2.1 Deposit. Within three (3) business days after the Effective Date, Buyer shall deposit into Escrow with the Title Company (as defined below) on account of the Purchase Price the sum of Fifty Thousand Dollars (\$50,000.00) in immediately available funds (the “**Deposit**”). Provided that Buyer has not previously terminated this Agreement during the Review Period, then within one (1) business day following the expiration of the Review Period, the Deposit shall be deemed to be nonrefundable to Buyer as set forth in Section 2.2.2 hereof, shall be released and paid to Seller, and this Agreement shall constitute irrevocable escrow instructions to the Title Company to so release the entire Deposit to Seller.

2.2.2 Application of Deposit. The Deposit and all interest thereon shall be non-refundable to Buyer unless one of the following shall occur (in which case the Deposit shall be promptly returned to Buyer subject to the provisions of Section 4.1.3 hereof): (a) if Buyer shall timely terminate this Agreement during the Review Period as provided herein, or (b) if the Closing fails to occur and this Agreement is terminated due to a default of Seller. Unless returned to Buyer as set forth in this Section, the Deposit and all interest thereon shall be paid or credited to Seller as part of the Purchase Price at the Closing or shall be paid to or retained by Seller upon default by Buyer in accordance with the provisions set forth in Section 10.1 hereof.

2.3 Payment. The Purchase Price shall be payable as follows:

2.3.1 Delivery of Deposit. At the Closing (as defined in Section 3.1) on the Closing Date (as defined in Section 3.1), the Title Company shall deliver to Seller and credit to Buyer the Deposit and all interest earned thereon prior to the date that the Deposit was released to Seller pursuant to Section 2.2.1.

2.3.2 Delivery of Balance. At the Closing, on the Closing Date, Buyer shall pay the balance of the Purchase Price to Seller in immediately available funds.

ARTICLE 3 **COMPLETION OF SALE**

3.1 Place and Date. The purchase and sale of the Property shall be completed in accordance with Article 9 hereof (the “**Closing**”). The Closing shall occur through an escrow (the “**Escrow**”) with First American Title Company (the “**Title Company**”), whose address is 17 W Alexander Ave, Merced, CA 95348, or at such other place as Seller and Buyer agree in writing. The Escrow shall be deemed open on the date Buyer delivers the Deposit to the Title Company. Subject to the conditions precedent described in Article 8 hereof, the Closing shall occur not later than ten (10) days after the end of the Review Period, and in no event later than the date that is forty-five (45) days after the Effective Date, unless extended by Seller and Buyer in writing (the “**Closing Date**”). In the event there exists a failed condition to Buyer’s or Seller’s obligation and Buyer and Seller do not agree to extend the Closing Date, or such failed condition exists after expiration of any such extension, then the party for whose benefit such condition exists may waive the condition or terminate this Agreement by written notice to the other party and to the Title

Company. The Escrow shall be considered closed when the Deed (as defined below) is recorded in the Official Records of the County ("**Official Records**").

3.2 Escrow Instructions. This Agreement shall constitute escrow instructions to and for the benefit of the Title Company to facilitate the Closing. Prior to the Closing Date, Seller and Buyer may each give any additional written escrow instructions ("**Supplemental Escrow Instructions**") to the Title Company which are requested by the Title Company or otherwise necessary for the Closing in accordance with this Agreement, provided that any such Supplemental Escrow Instructions must be consistent with the terms of this Agreement. In the event there is a conflict between any such Supplemental Escrow Instructions and the provisions of this Agreement, the provisions of this Agreement shall control.

ARTICLE 4 **INTENTIONALLY DELETED**

ARTICLE 5 **TITLE TO THE PROPERTY**

5.1 Deed. On the Closing Date, Seller shall convey fee simple absolute title to the Property to Buyer by means of a duly executed and acknowledged Grant Deed (the "**Deed**") in the form of **Exhibit C** attached hereto, reciting that title is subject to real property taxes and assessments not yet due and payable, matters ascertainable by a reasonable inspection and survey of the Property, matters of public record and any additional off-record matters approved by Buyer.

5.2 Permitted Exceptions.

5.2.1 The parties acknowledge and agree that Seller has caused the Title Company to provide a current preliminary title report (the "**Title Report**") covering the Property and the best available copy of each underlying recorded document shown as an exception in such Title Report (the Title Report and said underlying documents being referred to herein as the "**Title Documents**"). Buyer's title to the Property shall be insured by the Title Company by means of the Title Policy (as defined below). The Property shall be sold and is to be conveyed subject to (a) the lien of real estate taxes, assessments, water rates or meter charges and sewer rents subject to adjustment as provided herein, (b) notices of violation to the extent expressly permitted by this Agreement, (c) title and survey matters accepted or deemed to have been accepted by Buyer in accordance with this Agreement (e) matters set forth on **Exhibit D** attached hereto, and (f) any additional off-record matters accepted by Buyer in writing (all the matters set forth in this Section 5.2.1 being collectively referred to as the "**Permitted Exceptions**").

5.2.2 Within ten (10) days after the Effective Date, Buyer shall notify Seller in writing of those exceptions indicated on the Title Report that Buyer approves and those exceptions that Buyer disapproves. If Buyer fails to deliver written notice to Seller of any exceptions indicated on the Title Report disapproved by Buyer within said ten (10) day period, then all such items shall be deemed approved by Buyer. Any exceptions indicated on the Title Report and approved (or deemed approved) by Buyer shall constitute Permitted Exceptions in connection with the issuance of the Title Policy. If Buyer notifies Seller of its disapproval of any exceptions indicated on the

Title Report, then Seller shall have ten (10) days after such notice to advise Buyer in writing of any such exceptions which Seller is unable or unwilling to remove at the close of Escrow (other than the lien of mortgages or other Seller-created monetary obligations, which Seller shall be required to remove or pay at the close of Escrow. If Buyer fails to approve in writing, within ten (10) days of receiving such notice from Seller, those exceptions which Seller is unable or unwilling to remove at the close of Escrow, then either party may, by written notice to the other and the Title Company, terminate this Agreement and, unless otherwise provided herein, the rights and obligations of the parties hereunder. Failure of Buyer to so terminate this Agreement shall be deemed Buyer's waiver of its previous title objections. The period between the Effective Date and the date that Buyer (i) elects to terminate this Agreement or (ii) approves or is deemed to approve title to the Property in the manner set forth in this Section 5.2.2 is sometimes referred to herein as the **"Review Period."**

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

6.1 **Seller.** Buyer acknowledges that Buyer is acquiring the Property **"AS IS, WHERE IS, IN ITS CURRENT CONDITION, WITH ALL FAULTS"** and in reliance upon its own studies, investigations and due diligence. No person acting on behalf of Seller is authorized to make (and by execution hereof, Buyer acknowledges and agrees that, with the exception of those representations and warranties contained in this Section 6.1, Seller has not made, does not make and specifically negates and disclaims) any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, with regard to the Property, including without limitation (1) its value; (2) its nature, condition or quality (including without limitation, its water, soil and geology); (3) its suitability for activities which Buyer may desire to conduct thereon; (4) its suitability for the development, remodeling, or improvements desired by Buyer or the ability of Buyer to develop, remodel or improve the Property; (5) the income to be derived from the Property; (6) the habitability, merchantability, profitability or fitness for a particular purpose of the Property; and (7) the manner, quality, state of repair or lack of repair of the Property. As used in this Section 6.1, the "best knowledge" of Seller shall mean the present actual knowledge (excluding what is exclusively constructive knowledge or receipt of constructive notice) of Mike Rocci as of the date of this Agreement; Seller represents and warrants that Mike Rocci is the most knowledgeable agent or employee of Seller in terms of knowledge regarding the condition of the Property. For avoidance of doubt, Mr. Rocci shall in no event be personally liable hereunder, Buyer's sole recourse being to Seller. However, Seller acknowledges that the representations and warranties of Buyer under this section 6.1 are a material inducement for Buyer to enter into this Agreement. With the foregoing limitations, Seller represents and warrants to Buyer as of the date of this Agreement as follows:

6.1.1 **Power and Authority.** Seller is a corporation, duly incorporated and organized and validly existing and in good standing under the laws of the State of Delaware. Seller has full power and authority to enter into this Agreement and to perform this Agreement. The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by all necessary corporate action on the part of Seller and all required consents or approvals by the board of directors, stockholders, or officers of Seller have been duly obtained. This

Agreement is a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws from time to time in effect which affect the rights of creditors generally or by limitations upon the availability of equitable remedies.

6.1.2 No Pending Actions. There are no actions, proceedings or investigations of any kind pending or, to the best knowledge of Seller, threatened or being contemplated against or involving the Property or any part thereof and there are no valid bases for any such actions, proceedings or investigations. There is no special assessment or condemnation or eminent domain action pending or, to the best knowledge of Seller, threatened or being contemplated with respect to the Property or any part thereof. There is no legal or administrative action or proceeding pending to contest or appeal the amount of real property taxes or assessments levied against the Property or any part thereof or the assessed value of the Property or any part thereof for any real property tax purposes.

6.1.3 Hazardous Materials. To the best knowledge of Seller, Seller is not aware of and has no knowledge of any storage, use or misuse of any Hazardous Materials on the Property during Seller's ownership of the Property which would be in violation of any statute, law or regulation of any local, state or federal governmental agency with jurisdiction over the Property, and has not received written notice during Seller's ownership of the Property that removal or other remedial action with respect to Hazardous Materials on the Property is required by any governmental authority having jurisdiction over the Property. For purposes of this Section 6.1.3, "Hazardous Materials" means the presence or absence of any hazardous or toxic waste, substance or constituent as defined in any applicable federal, state or local law, ordinance or regulation, or any other substance.

6.1.4 No Misrepresentation. No representation or warranty by Seller in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representations and warranties not misleading.

6.2 Buyer. The representations and warranties of Buyer in this Section 6.2 are a material inducement for Seller to enter into this Agreement. Seller would not sell the Property to Buyer without such representations and warranties of Buyer. Buyer represents and warrants to Seller as follows:

6.2.1 Power and Authority. Buyer is a charter municipal corporation, duly organized and validly existing and in good standing under the laws of the State of California. Buyer has full power and authority to enter into this Agreement and to perform this Agreement. The execution, delivery and performance of this Agreement by Buyer have been duly and validly authorized by all necessary company action on the part of Buyer and all required consents or approvals by the city council, mayor, manager, or other person or entity required to approve this transaction have been duly obtained. This Agreement is a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws from time to time in effect which affect the rights of creditors generally or by limitations upon the availability of equitable remedies.

6.2.2 No Misrepresentation. No representation or warranty by Buyer in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representations and warranties not misleading.

6.2.3 Studies/Diligence. Buyer is a sophisticated buyer with experience in purchasing and developing real properties similar to the Property. Buyer will independently inspect the Property, and Buyer has entered into this Agreement based upon its experience, rights and intentions to make Studies and inspections.

6.2.4 Patriot Act. Buyer is in compliance with all laws, statutes, rules and regulations or any federal, state or local governmental authority applicable to Buyer and all beneficial owners of Buyer with respect to or arising out of the requirements of any Orders and other similar requirements contained in the rules and regulations of OFAC. Neither Buyer nor any beneficial owner of Buyer:

- (a) is listed on the Lists;
- (b) has been determined by competent authority to be subject to the prohibitions contained in the Orders; or
- (c) is owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

6.2.5 No Pending Actions. To the best knowledge of Buyer, there are no actions, proceedings or investigations of any kind pending or threatened against or involving the Buyer or its principals or affiliates that pertain to the Property, and there are no valid bases for any such actions, proceedings or investigations with respect to the Property.

6.2.6 No Conflict. Neither the execution, delivery or performance by Buyer of this Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or will result in a breach or violation of any order, writ, injunction or decree of any court or governmental authority against Buyer or its principals or affiliates, or any indenture, mortgage or contract or other agreement or instrument to which Buyer or its principals or affiliates is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder.

6.3 Effectiveness of Representations and Warranties. All representations shall be accurate on the Effective Date and as of Closing.

ARTICLE 7 **COVENANTS**

7.1 Seller. Seller covenants and agrees with Buyer as follows:

7.1.1 Further Encumbrances. Between the date of this Agreement and the Closing Date, Seller (a) shall not execute any new lease or amend, modify, renew or extend any existing lease affecting the Property or any part thereof (other than the Lease), (b) shall not sell or convey or grant an option for or enter into any contract or agreement to sell or convey the Property to any person or entity other than Buyer, and (c) shall comply with all covenants, conditions, restrictions, laws, statutes, rules, regulations and ordinances applicable to the Property and the maintenance and operation thereof.

7.1.2 Claims for Breach of Warranties. If on or before the Closing Date, Seller becomes aware that any representation made by Buyer in this Agreement is inaccurate in any material respect, Seller shall send written notice thereof to Buyer. If Buyer does not take such action as is reasonably necessary to cause such representation to be accurate in all material respects within ten (10) business days after Buyer's receipt of Seller's written notice (it being agreed that the Closing Date shall be extended to permit Buyer to do so but that Buyer shall have no obligation to do so), Seller shall have the right to either (a) terminate this Agreement by written notice to Buyer, and Buyer shall have no obligation or liability to Seller for any damage that Seller may have sustained by reason of such misrepresentation, or (b) waive objection to such misrepresentation and close this transaction without (i) reduction of the Purchase Price, (ii) credit or allowance of any kind or (iii) any claim or right of action against Buyer for damages or otherwise in connection therewith, all of which are deemed waived.

7.2 Buyer. Buyer covenants and agrees with Seller as follows:

7.2.1 Claims for Breach of Warranties. If on or before the Closing Date, Buyer becomes aware that any representation made by Seller in this Agreement is inaccurate in any material respect, Buyer shall send written notice thereof to Seller. If Seller does not take such action as is reasonably necessary to cause such representation to be accurate in all material respects within ten (10) business days after Seller's receipt of Buyer's written notice (it being agreed that the Closing Date shall be extended to permit Seller to do so but that Seller shall have no obligation to do so), Buyer shall have the right to either (a) terminate this Agreement by written notice to Seller, and Seller shall have no obligation or liability to Buyer for any damage that Buyer may have sustained by reason of such misrepresentation, or (b) waive objection to such misrepresentation and close this transaction without (i) reduction of the Purchase Price, (ii) credit or allowance of any kind or (iii) any claim or right of action against Seller for damages or otherwise in connection therewith, all of which are deemed waived.

7.2.2 OFAC. Buyer shall cooperate with Seller and Title Company in complying with Executive Order No. 13224, 66 Fed Reg. 49079 (September 25, 2001) and other similar requirements contained in the rules and regulations of OFAC.

ARTICLE 8
CONDITIONS PRECEDENT

8.1 Seller. The obligations of Seller under this Agreement to close the sale and convey the Property to Buyer are subject to satisfaction of all of the conditions set forth in this Section 8.1 on or before the Closing Date. Seller may waive any or all of such conditions in whole or in part but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by Seller of any of its rights or remedies if Buyer defaults in the performance of any covenant or agreement to be performed by Buyer under this Agreement or if Buyer breaches any representation or warranty made by Buyer in this Agreement. If any condition set forth in this Section 8.1 is not fully satisfied or waived in writing by Seller within the time indicated, then Seller shall be released from all obligations to Buyer under this Agreement.

8.1.1 No Default. On the Closing Date, Buyer shall not be in default in the performance of any covenant or agreement to be performed by Buyer under this Agreement.

8.1.2 Representations and Warranties True and Correct. On the Closing Date, all representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as if made on and as of the Closing Date.

8.1.3 No Contest. On the Closing Date, no suit, action, investigation, inquiry or other proceeding by any governmental body or other person or any legal or administrative proceeding shall have been instituted against Buyer or Seller which challenges the validity or legality of the transactions contemplated by this Agreement.

8.1.4 Delivery of Documents. On or before the Closing Date, Buyer shall have delivered into the Escrow each of the items to be delivered by Buyer pursuant to Section 9.1.2 (including without limitation an executed counterpart of the Lease).

8.2 Buyer. The obligations of Buyer under this Agreement to purchase the Property and accept title from Seller are subject to satisfaction of all of the conditions set forth in this Section 8.2 on or before the Closing Date. Buyer may waive any or all of such conditions in whole or in part but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by Buyer of any of its rights or remedies if Seller defaults in the performance of any covenant or agreement to be performed by Seller under this Agreement or if Seller breaches any representation or warranty made by Seller in this Agreement. If any condition set forth in this Section 8.2 is not fully satisfied or waived in writing by Buyer, then Buyer shall be released from all obligations to Seller under this Agreement. If Buyer fails to notify Seller of Buyer's disapproval of any items requiring Buyer's approval within the time period specified below, then Buyer shall be deemed to have approved such items.

8.2.1 Review Period. The parties acknowledge and agree that Buyer has previously conducted all such due diligence studies and investigation as Buyer has deemed necessary and has accepted and approved the Property and all such studies and inspections, with the sole exception of the title review described in Section 5.2.2 above. On or before the end of the Review

Period, Buyer shall have accepted and approved, in Buyer's sole and absolute discretion, the condition of title to the Property as set forth therein. The failure of Buyer to terminate this Agreement during the Review Period as set forth in Section 5.2.2 above shall irrevocably be deemed to constitute Buyer's (a) election to close its acquisition of the Property subject to satisfaction of the other covenants and conditions set forth in this Agreement, and (b) agreement that the Deposit is nonrefundable to Buyer except as otherwise noted in Section 2.2.2 above.

8.2.2 No Contest. On the Closing Date, no suit, action, investigation, or other proceeding by any governmental body or other person or any legal or administrative proceeding shall have been instituted or threatened against Buyer, Seller or the Property or any part thereof which challenges the validity or legality of the transactions contemplated by this Agreement.

8.2.3 Representations and Warranties True and Correct. On the Closing Date, all representations and warranties made by Seller in this Agreement shall be true and correct in all material respects as if made on and as of the Closing Date.

8.2.4 Title Policy. On the Closing Date, the Title Company shall be prepared to issue to Buyer a CLTA owner's policy of title insurance (the "**Title Policy**"), with liability equal to the Purchase Price, insuring Buyer that fee simple absolute title to the Property is vested in Buyer subject only to the Permitted Exceptions.

8.2.5 Delivery of Documents. On the Closing Date, Seller shall have delivered into the Escrow each of the items to be delivered by Seller pursuant to Section 9.1.1.

ARTICLE 9 **CLOSING**

9.1 Procedure

9.1.1 Deliveries by Seller. Not less than one (1) day prior to the Closing Date, subject to the satisfaction of the conditions to Seller's obligations set forth in this Agreement, Seller shall deliver into Escrow with the Title Company fully executed by Seller (and acknowledged and in recordable form where appropriate) the following ("**Seller's Closing Documents**"):

- (a) the Deed;
- (b) an affidavit pursuant to Section 1445(b)(2) of the Code, and on which Buyer is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code;
- (c) a California Form 593-C Real Estate Withholding Certificate certifying to facts that fully exempt the subject sale from withholding. If Seller does not provide such document, Title Company shall at the Closing deduct from Seller's proceeds and remit to the California Franchise Tax Board such sum as is required by such statute;
- (d) two (2) copies of the Lease; and

(e) any additional documents as may be necessary to enable Buyer and the Title Company to determine whether any withholding of the Purchase Price is required under California law.

9.1.2 Deliveries by Buyer. Not less than one day prior to the Closing Date, subject to the satisfaction of the conditions to Buyer's obligations set forth in this Agreement, Buyer shall deposit into Escrow with the Title Company fully executed by Buyer (and acknowledged and in recordable form where appropriate) the following: (a) the balance of the Purchase Price, (b) two (2) copies of the Lease, and (c) cash in an amount sufficient to cover Buyer's portion of the proration, charges and closing costs allocated to Buyer pursuant to this Agreement.

9.1.3 Additional Deliveries. Buyer and Seller shall each deposit into Escrow such other instruments and items as are reasonably required by the Title Company or otherwise required to close the Escrow and to consummate the transactions contemplated by this Agreement.

9.1.4 Closing. Buyer and Seller shall cause the following to occur at the Closing on the Closing Date:

(a) The Deed conveying the Property to Buyer shall be recorded in the Official Records.

(b) Seller's certificate of non-foreign status shall be delivered to Buyer.

(c) The Title Company shall issue to Buyer the Title Policy.

(d) The balance of the Purchase Price (less Seller's share of the closing costs and charges allotted to Seller pursuant to this Agreement) shall be delivered to Seller.

(e) A fully executed original copy of the Lease shall be delivered to Seller.

(f) A fully executed original copy of the Lease shall be delivered to Buyer.

9.2 Possession. On the Closing Date, Seller shall immediately transfer possession of the Property to Buyer (subject to the terms of the Lease).

9.3 Closing Costs.

9.3.1 Seller shall pay (a) all city, county and other documentary transfer taxes and conveyance taxes in respect of the conveyance of the Property, (b) fifty percent (50%) of any notary and delivery fees, (c) fifty percent (50%) of any escrow fees, and (d) the base premium for the standard coverage portion of Title Policy.

9.3.2 Buyer shall pay (a) any fees for extended coverage under or endorsements to the Title Policy, (c) fifty percent (50%) of the escrow fee charged by the Title Company, (d) the recording fees for the Deed, and (e) fifty percent (50%) of any notary and delivery fees.

9.3.3 The costs of any escrow cancellation shall be shared equally by Buyer and Seller unless such cancellation results from a default by Buyer or Seller hereunder, in which event the defaulting party shall pay all escrow fees.

9.3.4 All other closing costs and prorations shall be allocated in accordance with the custom and practice in the County.

9.4 Broker's Commission. Buyer and Seller each warrant and represent to the other that it has not retained, nor is it obligated to, any person for brokerage, finder's or similar services in connection with the transactions contemplated by this Agreement, and that no commission, finder's fee or other brokerage or agent's compensation can be properly claimed by any person or entity based upon the acts of such party with regard to the transactions which are the subject matter of this Agreement with the exception of Dan Gallagher of Coldwell Banker Gonella Realty and Kevin F. Crawford, a California and North Carolina licensed real estate broker representing the Seller (together, "**Broker**"). Seller shall pay any and all real estate brokerage or agent's commissions, finder's fees, or other compensations payable to Broker for services rendered in connection with this Agreement in accordance with separate agreements between Broker and Seller. Seller shall indemnify and defend Buyer against and hold Buyer harmless from all claims demands, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees, costs of expert witnesses, court costs and other litigation expenses) arising from or relating to any claim for a commission, fee or other compensation made by any brokers or parties with which Seller has dealt in connection with this Agreement or the transactions contemplated hereby including the Broker. Buyer shall indemnify and defend Seller against and hold Seller harmless from all claims, demands, liabilities, losses, damages, costs and expense (including, without limitation, reasonable attorneys' fees, costs of expert witnesses, court costs and other litigation expenses) arising from or related to any claim for a commission, fee or other compensation made by any brokers or parties with which Buyer has dealt in connection with this Agreement or the transactions contemplated hereby with the exception of the Broker.

9.6 Exchange. If requested by either party hereto, the other party shall cooperate with the requesting party in reasonable ways to effect an exchange of the Property that qualifies for nonrecognition treatment pursuant to Section 1031 of the Code, and corresponding provisions of California law. Any such exchange shall not delay or postpone the Closing Date; the cooperating party shall have no liability to the requesting party if the exchange fails to qualify for such nonrecognition treatment; the requesting party shall not be released from its obligations under this Agreement if the exchange fails for any reason; the exchange shall be at no expense to the cooperating party; the cooperating party shall not be required to acquire title to any proposed exchange properties to accommodate the requesting party's exchange; and the cooperating party shall not be required to assume any additional obligations or liabilities in connection with the exchange or attempted exchange. The requesting party shall indemnify and defend the cooperating party against and hold the cooperating party harmless from all claims, demands, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees, costs of expert witnesses, court costs and other litigation expenses) arising from or related to any participation in the exchange or attempted exchange.

ARTICLE 10
DEFAULT; LIQUIDATED DAMAGES

9. 10.1 Effect of Default.

10.1.1 Seller's Rights; Liquidated Damages. If, after satisfaction of all conditions precedent to Buyer's obligations under this Agreement, Buyer shall fail or refuse to consummate the transactions which are the subject of this Agreement within the time and in the manner specified in this Agreement (a "**Buyer Closing Breach**"), then Seller may terminate Buyer's rights by giving prior written notice thereof to Buyer and to the Title Company, and upon receipt by Buyer of such notice, Seller shall be released from all obligations in law or in equity to convey the Property to Buyer. BUYER AND SELLER HEREBY AGREE THAT IT WOULD BE PROSPECTIVELY IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES SUFFERED BY SELLER BECAUSE OF SUCH BUYER FAILURE; THAT THE PROSPECTIVE IMPRACTICABILITY OR EXTREME DIFFICULTY OF FIXING SELLER'S ACTUAL DAMAGES IS A RESULT OF, AMONG OTHER THINGS, MARKET FLUCTUATIONS AND THE LOSSES WHICH WOULD RESULT FROM REMOVING THE PROPERTY FROM THE MARKET FOR ANY LENGTH OF TIME; THAT THE SUM OF FIFTY THOUSAND DOLLARS (\$50,000.00) (REFERRED TO HEREIN AS "THE LIQUIDATED AMOUNT") CONSTITUTES A REASONABLE ESTIMATE AND AGREED STIPULATION OF SUCH DAMAGES WHICH HAVE BEEN NEGOTIATED BY BUYER AND SELLER; THAT THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES IN ACCORDANCE CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677; THAT SELLER WAIVES ALL OTHER REMEDIES FOR BUYER'S CLOSING BREACH; THAT SELLER MAY RETAIN THE DEPOSIT AS A PAYMENT AGAINST SAID LIQUIDATED AMOUNT IN THE EVENT OF A BUYER FAILURE; THAT THE RETENTION OF SAID DEPOSIT BY SELLER IS NOT INTENDED TO BE A FORFEITURE, BUT INSTEAD IS INTENDED TO CONSTITUTE PAYMENT FOR LIQUIDATED DAMAGES TO SELLER; THAT SELLER IN RELIANCE THEREON HAS AGREED TO WAIVE ALL OTHER RIGHTS AND REMEDIES SELLER MAY HAVE AGAINST BUYER IN THE EVENT OF SUCH BUYER FAILURE; AND THAT IN THE EVENT OF SUCH BUYER FAILURE, THE TITLE COMPANY SHALL DELIVER THE DEPOSIT TO SELLER AND SELLER MAY RETAIN THE SAME AS PAYMENT FOR LIQUIDATED DAMAGES. NOTHING CONTAINED IN THIS SECTION 10.1.1 SHALL IN ANY MANNER LIMIT THE AMOUNT OF DAMAGES OBTAINABLE BY SELLER PURSUANT TO AN ACTION UNDER ANY HOLD HARMLESS, DEFENSE OR INDEMNIFICATION PROVISION SET FORTH IN THIS AGREEMENT OR REASONABLE ATTORNEYS' FEES RECOVERABLE PURSUANT TO ANY ACTION UNDER A HOLD HARMLESS, DEFENSE OR INDEMNIFICATION SET FORTH IN THIS AGREEMENT.

The Liquidated Amount shall constitute liquidated damages for a Buyer Closing Breach only and shall not limit or impair Seller's right to recover attorneys' fees and costs if necessary to enforce such obligations or to obtain or retain the Liquidated Amount.

INITIALS OF SELLER

INITIALS OF BUYER

10.1.2 In the event that Seller shall default in its obligation to convey the Property to Buyer in accordance with the terms hereof, then Buyer's sole and exclusive remedies, and in substitution for any other remedies that may exist at law or in equity (including, without limitation, an action for damages), Buyer shall have the right to either: (a) terminate this Agreement, in which event the Deposit shall be returned to Buyer and the parties shall thereafter have no obligations under this Agreement or additional liability to one another, or (b) seek specific performance to compel Seller to convey the Property to Buyer.

10.1.3 Neither Buyer nor Seller shall be entitled to seek or recover any, punitive damages as a result of any breach of this Agreement. No termination of this Agreement shall relieve either party of its obligation to the Title Company for payment of its fees and costs in accordance with this Agreement, or any liability it may have for its prior default under this Agreement. Upon termination of this Agreement, Buyer shall quitclaim to Seller any interest Buyer may have in the Property as a result of this Agreement.

ARTICLE 11 **GENERAL PROVISIONS**

11.1 Notices. All notices, consents, approvals and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made (a) upon delivery if hand delivered; (b) one (1) business day after delivery to any nationally recognized overnight courier service for next business day delivery, fee prepaid; (c) upon delivery by facsimile transmission between 8 a.m. and 5 p.m. during a business day, with transmission verified; or (d) three (3) days after deposit with the United States Postal Service as registered or certified mail, postage prepaid, and in each case addressed as follows:

To Buyer: City of Merced, A California Charter
Municipal Corporation
678 W. 18th Street
Merced, CA 95340
Attn: Steven S. Carrigan, City Manager
Fax No.: 209-723-1780
Email: carrigans@cityofmerced.org

With a copy to: City Attorney's Office
678 W. 18th Street
Merced, CA 95340
Attn: Jeffrey S. Kaufman
Fax No.: 209-388-7907
Email: KaufmanJ@cityofmerced.org

To Seller: The Merced Sun-Star
3033 N. G Street
Merced, CA 95340
Attn: Ken Riddick, Publisher
Fax No.: _____
Email: kriddick@modbee.com

With a mandatory
copy to: The McClatchy Company
2100 Q Street
Sacramento, CA 95816
Attn: Chad O'Neal Muilenburg, Esq.
Fax No.: 916-326-5586
Email: cmuilenburg@mcclatchy.com

11.2 Entire Agreement. This Agreement is intended to be the entire agreement of the parties. All prior negotiations and written and contemporary oral agreements between the parties and their agents with respect to the transactions contemplated by this Agreement are merged in this Agreement together with its exhibits.

11.3 Time. Time is of the essence in the performance of the parties' respective obligations pursuant to this Agreement.

11.4 Attorneys' Fees.

11.4.1 If there is any legal action, arbitration or proceeding between Seller and Buyer arising from or based on this Agreement or the interpretation or enforcement of any provisions hereof, then the unsuccessful party to such action, arbitration or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by such prevailing party in such action, arbitration or proceeding and in any appeal in connection therewith.

If such prevailing party recovers a judgment in any such action, arbitration, proceeding or appeal, then such costs, expenses and attorneys' fees shall be included in and as a part of such judgment. For purposes hereof, the "prevailing party" shall be the party which recovers substantially the relief sought by said party, whether by judgment, settlement, dismissal or otherwise, in connection with any such action, proceeding or arbitration.

11.4.2 If the services of an attorney are required by any party to enforce a judgment rendered in connection with this Agreement, the judgment creditor shall be entitled to reasonable attorneys' fees, costs and other expenses, and such fees, costs and expenses shall be recoverable as a separate item. This provision shall be severable from all other provisions of this Agreement, shall survive any judgment, and shall not be deemed merged into the judgment.

11.5 Successors and Assigns. This Agreement and the rights and obligations hereunder shall not be assigned or conveyed by Buyer to any other entity or person without the prior written consent of Seller, provided, however, that Buyer shall have the right prior to the Closing Date to nominate another person or entity to whom title to the Property shall be conveyed at the close of the Escrow provided that the Deposit has been released to Seller. The exercise of this right of nomination shall not be deemed to be an assignment of Buyer's rights hereunder and shall not relieve Buyer of any of Buyer's duties or obligations to Seller hereunder. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective authorized successors and assigns.

11.6 Amendments or Modifications. This Agreement is subject to amendment or modification only with the written consent of both of the parties. Waiver of any provision of this Agreement shall not be deemed or constitute a waiver of any other provisions, nor shall such waiver constitute a continuing waiver.

11.7 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

11.8 Construction. Seller and Buyer acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either party in connection with the transactions contemplated by this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to interpret this Agreement.

11.9 Terms Generally. The defined terms in this Agreement shall apply equally to both the singular and the plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine or neuter forms. The term "person" includes individuals, corporations, partnerships, trusts and other entities and associations. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "approval," "consent" and "notice" shall be deemed to be preceded by the word "written."

11.10 Further Assurances. From and after the date of this Agreement, Seller and Buyer agree to do such things, perform such acts, and make, execute, acknowledge and deliver such

documents as may be reasonably necessary or proper and usual to complete the transactions contemplated by this Agreement and to carry out the purpose of this Agreement in accordance with this Agreement.

11.11 Partial Invalidity. If any provision of this Agreement is determined by a proper court to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement and this Agreement shall remain in full force and effect without such invalid, illegal or unenforceable provisions provided that the severance of such provision(s) does not result in a material failure of consideration under this Agreement to either party hereto.

11.12 Exhibits. The Exhibits attached to this Agreement are made a part of this Agreement.

11.13 Counterparts; Facsimile. This Agreement may be executed in one or more counterparts with the same effect as if the parties executing several counterparts had executed one counterpart and all such executed counterparts shall together constitute one and the same instrument. Facsimile and electronic copies of signatures on this Agreement shall be binding as if original.

11.14 Damage or Taking. If before the Closing Date, (a) the Property is damaged by any casualty and the reasonably estimated cost of restoration thereof shall exceed \$100,000 or (b) condemnation or eminent domain proceedings are commenced against the Property, then Buyer shall have the right, at its election, by giving notice to Seller, either to terminate this Agreement or to purchase the Property in accordance with this Agreement. If (a) the cost to restore is equal to or less than \$100,000 or (b) Buyer waives its right to terminate as to a casualty loss in excess of \$100,000 Buyer shall purchase the Property in its damaged condition and assume full responsibility for repair thereto, without reduction of the Purchase Price or any other claim or offset, but Seller shall (i) assign to Buyer the right to receive any insurance proceeds payable to Seller as a result of such fire or other casualty and (ii) credit to Buyer at Closing an amount equal to the deductible on Seller's policy of hazard insurance, provided that (x) Seller shall be entitled to an amount of such insurance proceeds equal to Seller's expenses incurred in collecting such proceeds and in protecting or restoring the Property and (y) the amount of any credit under clause (ii) above shall not exceed the excess of the restoration cost for all restoration work remaining to be performed over the amount of insurance proceeds assigned. If Buyer elects to terminate this Agreement in accordance with the terms hereof, all rights and obligations of Seller and Buyer shall terminate unless otherwise expressly provided herein. If Buyer elects to purchase the Property in accordance with this Agreement despite a condemnation that would prevent the use of the Property for its present purposes, Seller shall assign to Buyer the right to receive any condemnation award payable to Seller as a result of the taking, net of (a) any costs incurred by Seller in the process of litigating or negotiating the amount of, or collecting, the award and (b) any sums expended by Seller to restore or protect the Property as a result of the condemnation. Seller shall promptly give notice to Buyer upon the occurrence of any damage to the Property or any condemnation or eminent domain proceedings affecting the Property.

11.15 Holidays. In the event any date for performance of any obligation or the giving of any notice pursuant to this Agreement occurs on a California state or federal holiday or on a Saturday or Sunday, then the next business day shall be deemed the applicable date for performance or notice.

11.16 Confidentiality. This Agreement shall not be recorded and shall not constitute a lien against the Property. Any attempted recording of this Agreement or any memorandum thereof by Buyer shall constitute a material default hereunder, giving Seller the right to terminate this Agreement and exercise any and all remedies of Seller set forth herein, or otherwise available at law or in equity, all of which shall be deemed cumulative.

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date first hereinabove written.

SELLER:

MCCLATCHY NEWSPAPERS, INC., a
Delaware corporation dba The Merced Sun-
Star

By: _____
Name: _____
Its: _____

BUYER:

CITY OF MERCED, a California Charter
Municipal Corporation

By: _____
Name: Steve Carrigan _____
Its: City Manager _____

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  8-2-2018
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

TITLE COMPANY ACCEPTANCE

First American Title Insurance Company, the Title Company named in the foregoing Agreement, hereby acknowledges receipt of and accepts a copy of this Agreement as the joint escrow instructions of Buyer and Seller to the Title Company, and agrees to honor said instructions and any other instructions delivered by the parties and consistent with this Agreement.

FIRST AMERICAN TITLE INSURANCE COMPANY

By _____
Its _____
Dated _____

EXHIBIT A
LEGAL DESCRIPTION: PROPERTY

Real property in the City of Merced, County of Merced, State of California, described as follows:

A PORTION OF LOTS 120 AND 127, ACCORDING TO MAP ENTITLED, "MAP OF THE CROCKER COLONY", FILED FOR RECORD JUNE 7, 1911, IN BOOK 5 OF MAPS, PAGE 6, MERCED COUNTY RECORDS, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE AFORESAID LOT 120 AND RUNNING THENCE SOUTH 89 DEG. 34' WEST, 63.00 FEET ALONG THE SOUTH LINE OF SAID LOT 120 TO A POINT ON THE WEST LINE OF THAT CERTAIN STRIP OF LAND CONVEYED TO THE CITY OF MERCED, BY DEED RECORDED AUGUST 5, 1964, IN BOOK 1659 OF OFFICIAL RECORDS, AT PAGE 464, MERCED COUNTY RECORDS, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 89 DEG. 34' WEST, 750.00 FEET ALONG THE SOUTH LINE OF THE AFORESAID LOTS 120 AND 127; THENCE NORTH 00 DEG. 51' 30" EAST, PARALLEL WITH THE EAST LINE OF SAID LOT 120, A DISTANCE OF 320.00 FEET; THENCE NORTH 89 DEG. 34' EAST, 750.00 FEET PARALLEL WITH THE SOUTH LINE OF SAID LOTS 120 AND 127, TO A POINT ON THE WEST LINE OF THE AFORESAID STRIP OF LAND CONVEYED TO THE CITY OF MERCED; THENCE SOUTH 00 DEG. 51' 30" WEST, 320.00 FEET ALONG SAID WEST LINE TO THE TRUE POINT OF BEGINNING. ALL AS DELINEATED AS PARCEL "A" ON MAP ENTITLED, "PARCEL MAP FOR COLLEGE GREEN DEVELOPMENT", FILED FOR RECORD IN BOOK 6 OF PARCEL MAPS, AT PAGE 33, MERCED COUNTY RECORDS;

EXCEPTING THEREFROM AN UNDIVDED THREE-FOURTHS INTEREST IN AND TO ALL OIL, GAS AND OTHER HYDROCARBONS AND MINERALS, WITHOUT HOWEVER, THE RIGHT TO DRILL THROUGH THE SURFACE OF SAID LAND OR TO A DEPTH OF 500 FEET VERTICALLY BELOW THE SURFACE OF SAID LAND, AS HERETOFORE RESERVED OF RECORD.

ASSESSORS PARCEL NO: 7-350-09

EXHIBIT B
LEASE

[attach]

LEASE AGREEMENT

This Lease Agreement (this "Lease"), dated as of August __, 2017, is made by and between CITY OF MERCED, a California Charter Municipal Corporation ("Landlord"), and MCCLATCHY NEWSPAPERS, INC., a Delaware corporation dba The Merced Sun-Star "Tenant").

A. Pursuant to the terms of that certain Real Property Purchase and Sale Agreement dated as of August __, 2017 (as amended from time to time thereafter, the "Purchase Agreement"), Landlord has acquired from Tenant certain improved real property located in the city of Merced, County of Merced, State of California, commonly known as 3033 N. G Street and more particularly described in the Purchase Agreement (the "Premises"). The Premises are depicted on **Exhibit "A"**, attached hereto and made a part hereof.

B. Subject to the terms and conditions hereof, Landlord hereby desires to let unto Tenant the Premises, together with such other rights as may be set forth herein, and Tenant hereby desires to lease the Premises from Landlord.

1. LEASED PREMISES.

Landlord hereby leases to Tenant and Tenant leases from Landlord the Premises, subject to the terms and conditions contained herein. Tenant, its employees, agents, assigns, invitees and all other persons authorized by Tenant shall have access to the Premises at all times during the term of this Lease (24 hours a day, 7 days a week, 365 days per year).

2. USE.

Tenant may use the Premises for (a) general administrative, sales and other offices in connection with the operation of a news and digital media business and for all purposes reasonably related thereto, and (b) newspaper distribution purposes, including without limitation delivery of newspapers and print materials, temporary storage and warehousing of such newspapers and print materials, temporary parking of delivery trucks, collection of such newspapers and print materials by delivery and other authorized personnel, loading docks, etc.

3. TERM.

The term of this Lease shall commence on the closing of the transactions contemplated in the Purchase Agreement ("Commencement Date") and shall expire at midnight on (____) __, 2018 ("Expiration Date"), unless terminated earlier or renewed in accordance with provisions hereinafter set forth. Notwithstanding the foregoing, Tenant shall have the right, at its option, (a) to renew for this Lease for up to two (2) further periods of one (1) month each upon the same terms and conditions by giving to Landlord written notice of its intention to renew not less than five (5) business days prior to the expiration of the then-current term, and (b) to terminate this Lease at any time by giving to Landlord written notice of its intention to terminate not less than five (5) business days prior to the proposed date of termination. Upon the effectiveness of any such termination, any unearned Rent paid in advance by Tenant shall be refunded to it.

4. RENT.

For and in consideration of the Premises and the performance of Landlord's obligations hereunder, beginning as of the Commencement Date, Tenant agrees to pay to Landlord as rent, in monthly installments on the first day of each calendar month during the term of this Lease in the amount of Two Thousand, Five Hundred Dollars (\$2,500.00) (the "Rent"). If the Commencement Date is other than the first day of a calendar month or if this Lease terminates on other than the last day of a calendar month, then the installments of Rent for such month or months shall be prorated on a daily basis by dividing the Rent for such by the number of days of that month and multiplying the result by the number of days during such month which Tenant occupies the Premises hereunder. If Tenant is required to pay property taxes or possessory interest taxes with regard to the Premises during the term of this Lease, Tenant shall receive a credit in the amount of such taxes paid by Tenant against any and all Rent paid, or to be paid, by Tenant. However, in no event shall the credit to Tenant exceed the sum of One Thousand, Two Hundred and Fifty Dollars (\$1,250.00) per month regardless of the amount of property or possessory interest taxes paid by Tenant with respect to the Premises. In order to obtain this credit, Tenant send written notice to Landlord of the payment of property or possessory interest taxes, including proof in writing of both the amount of such taxes assessed by the applicable governmental agency, and proof of payment of those taxes. Once notice and proof of payment is received by Landlord, Landlord shall apply the credit as provided in this paragraph, and refund any previously paid Rent that may be subject to the credit within thirty days of receipt of the notice and proof of payment. Landlord and Tenant hereby agree that the provisions relating to said calculation shall survive the expiration or termination of this Lease.

5. MAINTENANCE OF PREMISES.

(a) Tenant shall maintain and repair as necessary the Premises and related building systems as may be necessary to ensure that the Premises and all building systems serving the Premises are in a condition consistent with their condition as of the Commencement Date. Notwithstanding the foregoing, neither Tenant nor Landlord shall be required to replace any material element of building systems or equipment or otherwise make any repair or replacement that costs in excess of Twenty Thousand Dollars (\$20,000.00) (unless in either case such replacement is necessitated by the intentional acts or gross negligence during the term hereof of such party, its employees, contractors, agents, servants, invitees or guests). Tenant shall also be responsible for the provision of janitorial services and garbage service for normal office use to Premises. Notwithstanding any provision herein to the contrary, Landlord shall be responsible to repair any damage to the Premises or related building systems resulting from the intentional acts or negligence of Landlord, its employees, contractors, agents, servants, invitees or guests, during the term hereof; and Tenant shall be responsible to repair any damage to the Premises or related building systems resulting from the intentional acts or negligence of Tenant, its employees, contractors, agents, servants, invitees or guests, during the term hereof.

(b) Tenant shall keep and not misuse the Premises so that they may be returned to Landlord in substantially as good order and condition as on the Commencement Date, excepting ordinary wear and tear, damage by fire, vandalism, the elements and casualty, and damage due to any cause or happening occasioned by the gross negligence of Landlord, its employees,

contractors, agents, servants, invitees or guests, other than Tenant. Tenant shall be responsible for any damage or injury to the Premises which results from the intentional act or negligence of Tenant, its employees, contractors, agents, servants, invitees or guests, during the term of this Lease. For avoidance of doubt, nothing in this Lease shall be construed to require Tenant to perform any construction to improve the Premises, or to return the Premises to Landlord in a condition better than that as on the Commencement Date, or required at the closing of the transaction contemplated by the Purchase Agreement, and Tenant shall not be deemed by this Lease to have made any representations, warranties or covenants concerning the Premises beyond those expressly set forth in the Purchase Agreement.

6. UTILITIES AND TAXES.

Tenant shall be responsible to obtain at its cost, such water, gas, sewer, electricity, telecommunication service connections and any other utilities into the Premises as Tenant may require. Tenant shall pay directly to its providers the cost of any such utilities. Together with the monthly payment of Rent, for any partial calendar month during the Term of this Lease (and any circumstance where the rent to be paid is adjusted on other than the first day of the month), Rent and other charges to be paid by Tenant under this Lease shall be prorated on the basis of a thirty (30) day month and a three hundred sixty (360) day year. Upon expiration or termination of this Lease, Rent and other charges to be paid by Tenant hereunder shall, to the extent applicable, be prorated to the date of termination and Landlord shall immediately pay to Tenant all Rent and other charges then prepaid and unearned. For avoidance of doubt, at any time during the term hereof after Tenant has ceased operations on the Premises, either Landlord or Tenant may cause any such utilities to be stopped with notice but without liability to the other party. Tenant shall be solely liable for any possessory interest taxes as a result of this Lease.

7. FIRE AND UNSAFE BUILDING CLAUSE.

If the Premises shall be so damaged by fire, the elements, casualty, war, insurrection, riot, public disorder, act, authorized or unauthorized, on the part of any governmental authority or any cause or happening as to be substantially destroyed, and such cause or happening is not the result of the intentional acts or negligence of Tenants, its employees, contractors, agents, servants, invitees or guests, then this Lease shall cease and come to an end, and any unearned Rent paid in advance by Tenant shall be refunded to it. In case of only partial damage or destruction of the Premises, then Tenant may cancel and terminate this Lease upon giving ten (10) days notice in the manner herein provided and be relieved of all liability hereunder arising subsequent to the aforesaid damage to the said Premises, and a just proportion of any Rent paid in advance by Tenant shall be refunded to it. In the event that the Premises shall become unsafe, , then Tenant may, at its option, cancel and terminate this Lease upon giving ten (10) days notice in the manner herein provided. If any authority having jurisdiction shall decide that any building or other improvement on the Premises should be demolished and removed, then forthwith upon such decision being made and upon Tenant vacating such improvements, this Lease shall cease and come to an end and any unearned Rent paid in advance by Tenant shall be refunded to it.

8. CONDEMNATION.

In the event that the Premises shall be wholly taken by any public or quasi-public authority by reason of any exercise of the power of eminent domain, whether by condemnation proceeding, by sale in lieu of condemnation, or otherwise, this Lease shall terminate as of the date of such taking. In the event of a partial taking of the Premises, Tenant may, at its option, terminate this Lease upon five (5) business days written notice to Landlord, or continue to lease the remaining portion of the Premises upon the same terms and conditions, except that Rent shall be reduced by an amount that is in the same ratio to the Rent as the value of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the date of taking. Neither party hereto shall have a claim against or right to any condemnation award of the other party. In any proceeding related to condemnation or taking of the Premises by eminent domain, Tenant may appear and present its claims for costs incurred in relocating its Premises, the loss of any fixtures, improvements or other property of Tenant, and the loss of its leasehold interest in the Premises.

9. ASSIGNMENT, SUBLETTING.

(a) Tenant shall have the right to assign or sublease all or any portion of the Premises on such terms, as Tenant may in its sole discretion deem prudent, so long as the prior written consent of Landlord is obtained, which consent shall not be unreasonably withheld, conditioned or delayed. No such assignment or subletting shall release Tenant of its obligations hereunder, unless Landlord so agrees in writing. In the event of any permitted assignment or subletting hereunder, Landlord agrees that it will not negotiate or enter into any agreement with the assignee or sublessee for the extension or renewal of this Lease, or the exercise of any option to extend or renew this Lease, unless Landlord first agrees to release Tenant from all obligations under this Lease for any extended or renewed periods. Further, Landlord agrees that it will not claim a right to any excess rent above and beyond that which Tenant is paying at the time of any assignment or sublease received by Tenant as a result of any assignment or sublease.

(b) Notwithstanding the foregoing, Landlord consent shall not be required in the event of any assignment or sublease to an entity then owned by, under common control with, or controlled by Tenant, or any entity resulting from the merger or consolidation of Tenant, or any person or entity which acquires Tenant or substantially all of the assets of Tenant's business that is being conducted on the Premises, or any entity owned directly or indirectly by The McClatchy Company.

10. SURRENDER OF PREMISES.

Upon termination of this Lease, Tenant shall vacate the Premises and return it in as good order and condition as on the Commencement Date, excepting ordinary wear and tear, damage by the elements and casualty, acts of God, and damage due to fire, vandalism or other cause or happening not occasioned by the negligence or willful misconduct of Tenant or Tenants' contractors, agents, employees, invitees or guests during the term of this Lease. Prior to the end of the term of this Lease, Tenant shall have the right to remove all articles of personal property in the Premises and any trade fixtures, and Tenant shall make any repairs necessitated by such removal. Tenant not be required to remove any tenant improvements. Any of Tenant's personal property and improvements not so removed by the end of the term of this Lease shall be deemed

abandoned and become Landlord's property, and Tenant shall have no further rights thereto. Landlord may dispose of such property as it sees fit without any liability whatsoever to Tenant. For avoidance of this doubt, nothing in this Lease shall be construed to require Tenant to return the Premises to Landlord in a condition better than that as on the Commencement Date, or required at the closing of the transaction contemplated by the Purchase Agreement, and Tenant shall not be deemed by this Lease to have made any representations, warranties or covenants concerning the Premises beyond those expressly set forth in the Purchase Agreement.

11. INSURANCE.

(a) Tenant at its sole cost shall maintain public liability and property damage insurance during the entire term of this Lease, which shall include coverage of contractual liability as respects this Lease, in amounts not less than:

- (1) \$1 million for injury to or death, including accidental death, of one or more persons as a result of any one accident or incident; and
- (2) \$500,000.00 for damage to or destruction of any property of others

(b) The insurance shall:

- (1) Insure against all liability of Tenant and its authorized representative arising out of or in connection with Tenant's use or occupancy of the Premises.
- (2) Provide that Landlord be named as an additional insured and contain cross liability endorsements.
- (3) Be considered by the parties hereto as primary insurance.
- (4) Contain an endorsement requiring thirty (30) days written notice from the insurance company to Landlord before cancellation or change in the coverage, scope, or amount of any policy.

(c) The Tenant shall furnish a certificate(s) of insurance evidencing the aforesaid coverage.

(d) Landlord shall cause each insurance policy, if any, carried by Landlord insuring the Premises against loss by fire and causes covered by standard extended coverage, and Tenant shall cause each insurance policy carried by Tenant and insuring the Premises and its fixtures and contents against loss by fire and causes covered by standard extended coverage to be written in a manner so as to provide that the insurance company waives all right of recovery by way of subrogation against the Landlord or Tenant in connection with any loss or damage covered by any

such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in standard extended coverage insurance, provided such insurance was obtainable at the time of such loss or damage.

12. LIABILITY.

(a) Tenant shall indemnify, defend and hold Landlord harmless from and against any loss, liability, claim, suit, reasonable fees, reasonable costs, reasonable expenses, including, without limitation, reasonable attorneys fees, and damages arising out of: (i) any negligent or grossly negligent act or omission of Tenant, or of Tenant's employees, contractors, agents, servants, guests, invitees or officers during the term of this Lease; (ii) any violation of any federal, state or local Law by Tenant or by Tenant's employees, contractors, agents, servants, guests, invitees or officers during the term of this Lease; or (iii) any breach of this Lease or any provision thereof by Tenant or by Tenant's employees, contractors, agents, servants, guests, invitees or officers, unless such loss, liability, claim, suit, reasonable fees, reasonable costs, reasonable expenses, including, without limitation, reasonable attorneys fees, and damages also arises, in whole or in part, out of any grossly negligent act or omission of, or any breach of this Lease or any provision thereof by, Landlord, or Landlord's employees, contractors, agents, servants, guests, invitees or officers, or out of any violation of any federal, state, or local law by Landlord or Landlord's employees, contractors, agents, servants, guests, invitees or officers.

(b) Landlord shall indemnify, defend and hold Tenant harmless from and against any loss, liability, claim, suit, reasonable fees, reasonable costs, reasonable expenses, including, without limitation, reasonable attorney's fees, and damages arising out of: (i) any negligent or grossly negligent act or omission of Landlord, or of Landlord's employees, contractors, agents, servants, guests, invitees or officers; (ii) any violation of any federal, state or local Law by Landlord or by Landlord's employees, contractors, agents, servants, guests, invitees or officers; or (iii) any breach of this Lease or any provision thereof by Landlord or by Landlord's employees, contractors, agents, servants, guests, invitees or officers except as and to the extent such loss, liability, claim, suit, reasonable fees, reasonable costs, reasonable expenses, including, without limitation, reasonable attorneys fees, and damages also arises out of any grossly negligent act or omission of, or any breach of this Lease or any provision thereof by, Tenant, or Tenant's employees, contractors, agents, servants, guests, invitees or officers, or out of any violation of any federal, state, or local law by Tenant or Tenant's employees, contractors, agents, servants, guests, invitees or officers.

(c) Any party's duty or obligation to defend the other party shall be commenced promptly and performed by competent counsel chosen to the reasonable satisfaction of the defended party.

13. COMPLIANCE WITH LAWS.

Tenant and Landlord shall comply with all of the Laws of municipal, state and federal governments pertaining to the Premises or the use thereof. Without limiting the generality of the foregoing, Landlord shall pay all taxes applicable to the Premises prior to delinquency (except that Tenant shall be liable for the payment of any applicable possessory interest tax associated with this Lease).

14. ENVIRONMENTAL WARRANTIES.

Tenant represents and warrants that it will comply with all specifically applicable federal, state, and local environmental laws, regulations, or ordinances ("Environmental Laws") in connection with its use of or operations at the Premises during the term of this Lease, and that Tenant warrants and agrees that it will indemnify and hold Landlord harmless from any claim to which Landlord may be subjected to the extent such claim results from Tenant's breach of the foregoing representations or warranties during the term of the Lease.

15. RELOCATION OF PREMISES.

In no event shall Landlord have any rights to relocate the Premises during the initial term or any extended term of this Lease, unless by mutual agreement between Landlord and Tenant.

16. PARKING.

During the term of the Lease, as extended, if applicable, without additional charge to Tenant, Tenant shall be permitted access to and reserved use of the parking area associated with the Premises, in each case for the use of Tenant's employees, contractors or invitees, as depicted on Exhibit "A", attached hereto and made a part hereof.

17. SIGNS.

During the Term of this Lease, Tenant shall be permitted to maintain existing signs and lettering on or about the Premises, the exterior of the building located thereon, and the monument sign facing G Street, or install posters or other acceptable, temporary signage on or about the Premises at Tenant's expense. All such signs and lettering shall comply with all applicable laws and regulations, including, but not limited to, the Merced Municipal Code. At the termination of this Lease, Tenant may, at Tenant's option, remove any such signs or lettering. Tenant shall complete the removal of any signs or lettering no later than thirty (30) days after termination of this Lease.

18. VIEWING PREMISES.

Tenant shall permit Landlord or Landlord's agents, representatives or employees to enter the Premises at reasonable times and during business hours, after not less than twenty-four (24) hours notice to Tenant, for the purpose of inspecting the Premises and for the purpose of doing other lawful acts required hereunder or that may be necessary to protect Landlord's interest in the Premises, except that no notice is required in the event of an emergency. Notwithstanding the above, if Landlord must make repairs or improvements which by their nature will be disruptive to Tenant's use of the Premises, Landlord will make all reasonable efforts to perform such services after business hours without any cost to Tenant. Landlord warrants and covenants that any such entry, during or after business hours, will not unreasonably disrupt Tenant's business activities. Landlord further agrees that during such entry, Landlord or Landlord's agents, representatives or employees shall recognize and abide by any safety rules or measures required by law.

19. DEFAULT OF TENANT.

(a) Tenant shall be deemed to be in default under this Lease in the event of the occurrence of any of the following:

(i) Tenant shall fail to pay any installment of Rent when due, and such failure shall continue for a period of fifteen (15) days following receipt of written notice of nonreceipt from Landlord.

(ii) Tenant shall fail to perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant (other than a failure to pay Rent), and such failure shall continue for a period of thirty (30) days following written notice from Landlord specifying the nature of the default, unless such default cannot be fully cured within said period and Tenant promptly commences such cure and continues with due diligence and good faith until completion.

(iii) Tenant shall abandon the Premises and cease paying Rent.

(iv) Tenant shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors.

(v) Tenant shall file or there shall be filed against Tenant a petition in bankruptcy or reorganization or for an arrangement for the benefit of creditors under any section or chapter of the United States bankruptcy laws or under any similar law or statute of any State and such petition is not withdrawn or denied within one hundred twenty (120) days from the date of filing.

(vi) A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant and shall not be removed within one hundred twenty (120) days of appointment.

(b) Tenant shall not be in default of its obligations and in breach of this Lease if Tenant's failure to perform (other than the nonpayment of Rent) is caused by circumstances beyond its reasonable control, including, without limitation, act of God, fire, flood, earthquake or other natural disaster, war, riot or civil disobedience; governmental action or inaction, or strikes, lockouts, picketing or other labor disputes.

20. LANDLORD'S REMEDIES.

(a) Should any of the above events of default occur, Landlord may, in addition to any other right or remedy which Landlord may have at law or equity:

(i) Continue this Lease in effect by not terminating Tenant's right to possession of the Premises, in which event Landlord shall be entitled to enforce all of its rights and remedies

under this Lease including the right to recover the Rent specified in this Lease as it becomes due notwithstanding any contrary law, rule, statute or regulation.

(ii) Terminate this Lease, in which event Tenant shall surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may dispossess Tenant in any reasonable manner permitted by law.

(iii) In accordance with applicable law, to enter upon and take possession of the Premises and expel and remove Tenant and any other person who may be occupying the Premises or any part thereof.

21. DEFAULT BY LANDLORD.

In the event that Landlord shall fail to perform any of its covenants or obligations set forth in this Lease, and such failure shall continue for a period of thirty (30) days following written notice from Tenant specifying the nature of such failure, unless such obligation cannot be fully performed within said period and Landlord begins performance and continues with due diligence and good faith until completion, then Landlord shall be deemed to be in default. In the event the default is of such nature that the Premises are as a result not reasonably fit for Tenant's business purposes, then Landlord shall have ten (10) days, following notice from Tenant, to either remedy the default or to provide reasonable temporary means whereby the Premises are usable by Tenant while the default is being cured, during which time the Rent shall be abated in proportion to the degree of unfitness of the Premises. In no event shall such default remain uncured beyond a reasonable time.

22. TENANT'S REMEDIES.

(a) Should Landlord be in default hereunder, Tenant may, in its sole discretion and in addition to any other right or remedy at law or equity or as provided elsewhere in this Lease, terminate this Lease without further obligation on the part of Tenant hereunder.

(b) If Tenant terminates this Lease, Tenant may recover all damages it incurs as a direct result of Landlord's breach.

23. HOLDOVER.

If Tenant remains in the Premises beyond the expiration or earlier termination of the term of this Lease, such holding over in itself shall not constitute a renewal or extension of this Lease, but in such event, a tenancy at sufferance and the Rent shall be five hundred dollars (\$500.00) per day for each day that Tenant is holding over.

24. ATTORNEY FEES.

In the event either party commences any action or proceeding under this Lease to enforce any right or remedy hereunder, the prevailing party shall be entitled to recover its reasonable costs and attorney's fees.

25. NOTICES AND BILLS.

All written notices required or permitted hereunder shall be delivered by recognized overnight delivery service, or by personal delivery, or mailed First Class U.S. Mail, postage fully prepaid, registered or certified to the parties at the addresses set forth hereinafter or to such other address as either party may hereafter designate in writing and deliver as provided in this Section.

Landlord: City of Merced
678 W. 18th Street
Merced, CA 95340
Attn: Steven S. Carrigan, City Manager
Fax No.: 209 723-1780
Email: CarriganS@cityofmerced.org

With a copy to: Merced City Attorney
678 W. 18th Street
Merced, CA 95340
Attn: Jeff Kaufman.
Fax No.: 209 388-7907
Email: KaufmanJ@cityofmerced.org

Tenant: The Merced Sun-Star
3033 N. G Street
Merced, CA 95340
Attn: Ken Riddick, Publisher
Fax No.: _____
Email: kriddick@modbee.com

With a copy to: The McClatchy Company
2100 Q Street
Sacramento, CA 95816
Attn: Chad Muilenburg, Esq.
Fax No.: 916-326-5586
Email: cmuilenburg@mcclatchy.com

Notices shall be deemed received: (a) when personally served or delivered; (b) when actually received by the respective party if delivered by a recognized overnight delivery service; or (c) if mailed, then delivery shall be deemed effective three (3) days after mailing, if addressed to the respective party and mailed postage prepaid, registered or certified.

26. ESTOPPEL CERTIFICATE.

Tenant agrees that from time to time upon not less than twenty (20) days prior request by Landlord, Tenant, or Tenant's duly authorized representative having knowledge of the following facts, will deliver to Landlord a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease as modified is in full force and effect); (b) the dates to which the Rent and other charges have been paid; and (c) that Landlord is not in default under any provisions of this Lease, or, if in default, the nature thereof in detail.

27. QUIET POSSESSION AND NON-DISTURBANCE; CERTAIN REPRESENTATIONS.

Landlord represents and warrants to Tenant that as of the Commencement Date (i) Landlord is the fee simple and record title holder of the Premises, (ii) Landlord has the full right, power and authority to execute this Lease, (iii) there are no mortgages, ground leases or similar instruments affecting all or any part of the Premises that have not been disclosed to Tenant in writing, and there is no agreement, restriction, encumbrance, easement or any other matter which would limit or reduce any of Tenant's rights under this Lease or which would increase Tenant's obligations, (iv) Tenant, upon paying the Rent set forth herein and performing and observing the terms, covenants and conditions of this Lease on Tenant's part to be performed, shall peaceably and quietly have, hold and enjoy the Premises, free from interference by anyone claiming by, through or under Landlord during the term of this Lease, and (v) Landlord has not filed and is not contemplating filing (nor has there been filed or threatened to be filed against Landlord any action under any state or federal bankruptcy, insolvency or other similar laws. In the event any of the above are not accurate in any respect then, in any such event and in addition to any and all other rights and remedies to which Tenant is entitled under this Lease, at law and/or in equity, Tenant shall have the right to terminate this Lease. The terms of this Section shall survive the expiration or termination of this Lease.

28. NON-WAIVER.

The failure of either party to declare any default immediately upon the occurrence thereof, or delay in taking action in connection therewith, shall not constitute a waiver of such default, and that party shall have the right to declare any such default at any time while such default remains uncured. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of such provision or any subsequent breach of the same or any other provision, term, covenant or condition herein contained.

29. SUCCESSORS AND ASSIGNS.

The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

30. WASTE.

Tenant shall not commit, or suffer to be committed, any waste upon the Premises.

31. PARAGRAPH AND SECTION HEADINGS.

The paragraph and section headings in this Lease are for convenience only and shall not be deemed to affect, qualify, amplify, add to, or subtract from the contents of the paragraphs, sections and/or clauses which they reference.

32. AGENCY DISCLOSURE.

Landlord and Tenant hereby acknowledge and agree that neither party has agreed to pay any broker or finder any commission with regard to this Lease. Both Landlord and Tenant hold the other, its successors, and their respective agents and employees harmless from all claims of any other broker or brokers who make claims arising out of the conduct of the indemnifying party in connection with this Lease.

33. AUTHORITY.

Each of Landlord and Tenant represent and warrant that the individual executing this Lease on behalf of said party is duly authorized to execute and deliver this Lease on behalf of said party, and that this Lease is binding upon said party in accordance with its terms.

34. ENTIRE AGREEMENT; MODIFICATION.

The parties have incorporated in this Lease their entire understanding, and neither has made or relied upon any representations, warranties, promises, covenants or undertakings other than those expressly set forth herein. No modification of any term or condition contained herein shall be effective unless the same is in writing and executed by authorized representatives of both parties to this Lease.

35. PARTIAL INVALIDITY.

Wherever possible each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under any applicable law, as determined by a court of competent jurisdiction, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

36. GOVERNING LAW.

The laws of the State of California shall govern the validity, performance and enforcement of this Lease.

37. CONSENTS AND APPROVALS.

Wherever the consent, approval or expression of satisfaction of either party is required hereunder, such consent, approval or expression of satisfaction shall not be unreasonably withheld or delayed, and no cost, charge or other consideration shall be exacted from the party seeking the consent, approval or satisfaction in order for it to be obtained.

38. WAIVER OF LANDLORD'S LIEN.

Landlord agrees and acknowledges that all of Tenant's personal property ("Personal Property") which may be installed or placed in or upon the Premises by or on behalf of Tenant shall remain the property of Tenant. Tenant may assign, hypothecate, encumber, mortgage or create a security interest in or upon Tenant's Personal Property in the Premises without the consent of Landlord and may remove Tenant's Personal Property at any time during the term of this Lease. Landlord waives any right it may have in Tenant's Personal Property. To the extent Landlord may have a lien on or security interest in the Tenant's Personal Property pursuant to this Lease, by law or otherwise, Landlord hereby waives, and agrees not to assert, such lien or security interest. Landlord shall provide to Tenant, within ten (10) days after Tenant's request therefor, a written waiver in a form reasonably satisfactory to Tenant, Landlord and Tenant's lender evidencing Landlord's waiver of any rights it has or may have in Tenant's Personal Property.

39. PATRIOT ACT.

(a) Neither Tenant nor Landlord is now nor shall it be at any time during the term of this Lease an individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity (collectively, a "Person") with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "U.S. Person"), is prohibited from transacting business of the type contemplated by this Lease, whether such prohibition arises under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC "Specially Designated Nationals and Blocked Persons") or otherwise. Neither Landlord nor Tenant nor any Person who is an officer or director of Landlord or Tenant or who owns an interest in Landlord or Tenant (collectively, a "Landlord/Tenant Party") is now nor shall be at any time during the term hereof be a Person with whom a U.S. Person, including a financial institution as such term is defined in 31 U.S.C. § 5312(a)(2), as amended ("Financial Institution"), is prohibited from transacting business of the type contemplated by this Lease, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(b) To the best of Tenant's and Landlord's knowledge after making due inquiry, neither Landlord, nor Tenant nor any Landlord/Tenant Party, nor any Person providing funds to Landlord or Tenant: (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti Money Laundering Laws (hereinafter defined); (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti Money Laundering Laws. For purposes of subsection (i) above, the term "Anti-Money Laundering Laws" shall mean laws, regulations and sanctions, state and federal, criminal and civil, that: (w) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (x) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (y) require identification and documentation of the parties with whom a Financial Institution conducts business; or (z) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "Patriot Act"), the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, the Trading with the Enemy Act, 50 U.S.C. App. §§ 1 *et seq.*, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 *et seq.*, and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. §§ 1956 and 1957.

40. PUBLICITY.

Landlord shall not use or imply Tenant's name or logo in any marketing, publication or publicity release without Tenant's prior written consent.

41. SURVIVAL.

The following obligations of the parties shall survive the expiration or termination of this Lease: (a) any obligation herein permitted to be performed after the end of the termination of this Lease; (b) any obligation not reasonably susceptible of performance prior to the termination of this Lease, including but not limited to, any obligation or indemnity resulting from either party's default or misrepresentation; and (c) any obligation or indemnity to be performed pursuant to this Lease at or before the end of the term of this Lease which is not so performed.

42. ADDENDA AND EXHIBITS.

Any Addendum or Exhibit attached hereto and either executed by the parties or referred to herein is specifically incorporated herein and shall for all purposes be a part of this Lease.

IN WITNESS WHEREOF, the parties have entered into this Lease on the dates shown below.


CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  8.2.2018
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

MCCLATCHY NEWSPAPERS, INC.
A Delaware Corporation

BY: _____

Title: _____

Date: _____

Taxpayer I.D. No. _____

Address: _____

Telephone: _____

EXHIBIT “A”

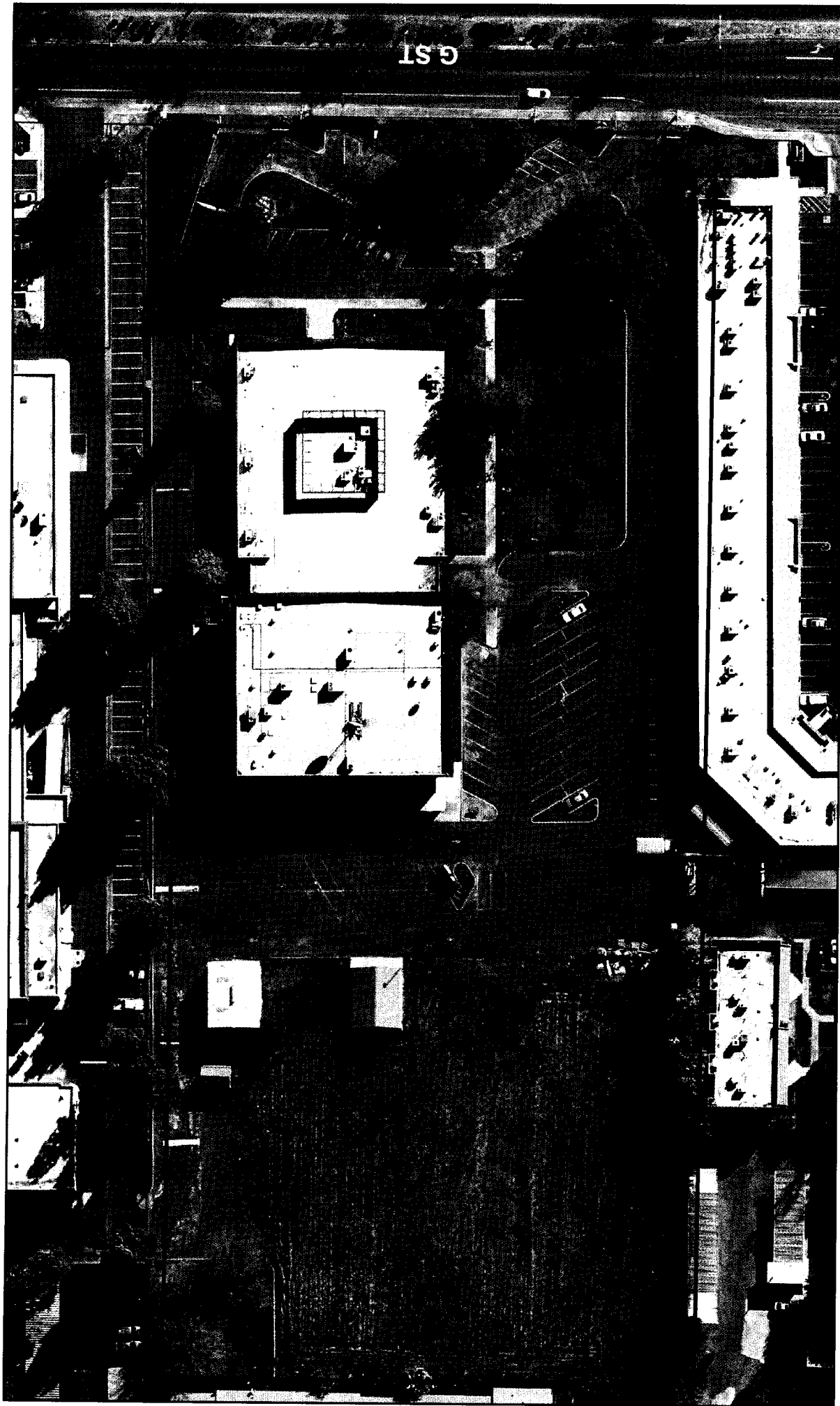


EXHIBIT A
3033 N G STREET
MERCED, CA 95340

EXHIBIT C
DEED

RECORDING REQUESTED BY

**AND WHEN RECORDED MAIL THIS DEED AND, UNLESS
OTHERWISE SHOWN BELOW, MAIL TAX STATEMENT TO:**

Name: CITY OF MERCED, a California Charter Municipal Corporation

Street Address:

City, State, Zip:

Title Order No. _____ Escrow No. _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned Grantor declares:

Documentary transfer tax is \$ _____
computed on full value of property conveyed,
less value of liens and encumbrances remaining at time of sale.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, MCCLATCHY NEWSPAPERS, INC., a Delaware corporation dba The Merced Sun-Star ("Grantor"), hereby grants to CITY OF MERCED, a California Charter Municipal Corporation ("Grantee"), the real property in the County of Merced, State of California, described in Exhibit A attached hereto and made a part hereof (together with all improvements thereon and appurtenances thereto).

Title to the foregoing described property is hereby conveyed subject to the matters set forth on Exhibit B attached hereto and made a part hereof.

Dated: _____, 2017

By: _____

Name: _____

Title: _____

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

(NOTARY PUBLIC SEAL)

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B
EXCEPTIONS