



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 13.1j

**Meeting Date:** March 7, 2024

**Subject:** Resolution No. 3390 Authorizing to Accept Termination of Leases and Quit Claim Deed for the Hiram Johnson High School Stadium Lighting / Bleachers / Concession Restroom Buildings Project

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

**Division:** Business Services

**Recommendation:** Approve Resolution No. 3390: Agreement for Termination of Leases and Quit Claim Deed for the Hiram Johnson High School Stadium Lighting / Bleachers / Concession Restroom Buildings Project

**Background/Rationale:** On April 7, 2022, the Sacramento City Unified School District (“District”) and A.M. Stephens Construction Company, Inc. (“Developer”) executed the Site Lease and Facilities Lease for the Hiram Johnson High School Stadium Lighting / Bleachers / Concession Restroom Buildings (“Project”).

On or about February 20, 2024, the District and Developer executed the Memorandum of Commencement Date under the Facilities Lease, acknowledging that (i) Developer had completed the construction of the Project, (ii) the District had accepted and entered into possession of the Project, (iii) the term for lease payments under the Facilities Lease would now commence.

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

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

**Financial Considerations:** \$348,858.19 paid for the balance of the lease payments

**Documents Attached:**

1. Termination Agreement and Quit Claim Deed
2. Resolution Agreement for Termination of Leases and Quit Claim Deed
3. Agenda Item Resolution

**Estimated Time of Presentation:** N/A

**Submitted by:** Janea Marking, Chief Business & Operations Officer

Tina Alvarez Bevens, Contract Analyst

**Approved by:** Lisa Allen, Interim Superintendent



**FACILITIES SUPPORT SERVICES**

425 1<sup>st</sup> Avenue • Sacramento, CA 95818

*Lisa Allen, Interim Superintendent*

*Chris Ralston, Director III, Facilities Management*

February 22, 2024

AM Stephens Construction CO., Inc.  
1717 S. Stockton St.  
Lodi, CA 95240  
Attention: Greg Stephens, President

Re: Notice of Intent to Exercise Option to Terminate Leases  
Regarding Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings Project

Dear Mr. Stephens:

Pursuant to Section 5.2 of Exhibit C to the Facilities Lease between the Sacramento City Unified School District (“District”) and AM Stephens Construction Co., Inc. (“Developer”), this letter constitutes notice of the District's intent to exercise its option to purchase the Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings Project, located on the Hiram Johnson High School site, 6879 14<sup>th</sup> Ave., Sacramento, CA 95820 (“Project”), and by doing so to terminate the Facilities Lease and Site Lease between the District and Developer, each originally entered into and dated as of April 7<sup>th</sup>, 2022.

The District shall pay Developer the Option Price of **Three hundred forty-eight thousand Eight hundred fifty-eight and 19/00 Dollars (\$348,858.19)** on or before **March 14, 2024**, the date that the lease payment for the first month of the lease term would otherwise be due (“Option Date”). Pursuant to section 6.4 of the Facilities Lease, Developer agrees to deliver to District all reasonably necessary documents in recordable form to terminate the Facilities Lease and Site Lease at that time. Attached are three counterparts of a Termination Agreement and Quit Claim Deed which the District requests that Developer execute. **Please arrange to have the signature notarized and deliver all three executed counterparts to the District Representative on or prior to February 23, 2024, to fulfill this requirement of the Facilities Lease.**

Please contact the undersigned if you have any questions about this notice and the process for the District to exercise its option.

Very truly yours,

Chris Ralston  
Director III, Facilities Management  
Enclosure: Termination Agreement and Quit Claim Deed (3 counterparts)

Cc (via email): Deidree Y.M.K. Sakai, Esq.

**EXHIBIT E**

**MEMORANDUM OF COMMENCEMENT DATE**

This MEMORANDUM OF COMMENCEMENT DATE is dated February 22, 2024, and is made by and between AM Stephens Co., Inc. ("Developer"), as Lessor, and the Sacramento City Unified School District ("District"), as Lessee.

1. Developer and District have previously entered into a Facilities Lease dated as of April 7, 2022, (the "Lease") for the leasing by Developer to District of the completed Project in Sacramento, CA, referenced in the Lease.

2. District hereby confirms the following:

A. That all construction of the Project required to be performed pursuant to the Facilities Lease has been completed by Developer in all respects;

B. That District has accepted and entered into possession of the Project and now occupies same; and

C. That the term for the Lease Payments under the Facilities Lease commenced on December 15, 2023 and will expire at 11:59 P.M. on December 15, 2024.

**THIS MEMORANDUM OF COMMENCEMENT DATE IS ACCEPTED AND AGREED** on the date indicated below:

Dated: \_\_\_\_\_, 20\_\_

Dated: 2/23, 2024

Sacramento City Unified School District

AM Stephens Construction Co., Inc.

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: Janea Marking

Name: Greg Stephens

Title: Chief Business Officer

Title: President

**AGREEMENT AND RELEASE OF ANY AND ALL CLAIMS**

THIS AGREEMENT AND RELEASE OF CLAIMS ("Agreement and Release") IS MADE AND ENTERED INTO THIS 22nd DAY OF February, 2024 by and between the Sacramento City Unified School District ("District") and AM Stephens Co., Inc. ("Developer"), whose place of business is 1717 S. Stockton St., Lodi, CA 95240.

**RECITALS**

**WHEREAS**, District and Developer entered into a Facilities Lease and Site Lease for the following project: Hiram Johnson Stadium Project ("Contract" or "Project") in the County of Sacramento, California.

**WHEREAS**, The Work under the Contract was completed on 12/15, 2023 and a Notice of Completion was recorded with the County Recorder on 01/11, 2024.

NOW, THEREFORE, it is mutually agreed between District and Developer as follows:

**AGREEMENT**

1. Developer will only be assessed liquidated damages as detailed below:

Original Guaranteed Maximum Price	\$ <u>8,541,747</u>
Modified Guaranteed Maximum Price	\$ <u>8,408,381</u>
Payment to Date	\$ <u>8,059,522.81</u>
Liquidated Damages	\$ <u>0</u>
Payment Due Developer	\$ <u>348,858.19</u>

2. Subject to the provisions hereof, District shall forthwith pay to Developer the undisputed sum of Eight million Four hundred eight thousand Three hundred eighty-one Dollars (\$8,408,381) under the Contract for Tenant Improvement Payments, less any amounts represented by any notice to withhold funds on file with District as of the date of such payment.
3. Developer acknowledges and hereby agrees that there are no unresolved or outstanding claims in dispute against District arising from the performance of work under the Contract, except for the claims described in Paragraph 4 and continuing obligations described in Paragraph 6. It is the intention of the parties in executing this Agreement and Release that this Agreement and Release shall be effective as a full, final and general release of all claims, demands, actions, causes of action, obligations, costs, expenses, damages, losses and liabilities of Developer against District and all of its respective agents, employees, trustees, inspectors, assignees, consultants and transferees, except for the Lease Payments under the Contract, any Disputed Claim that may be set forth in Paragraph 4 and the continuing obligations described in Paragraph 6 hereof.

4. The following claims are disputed (hereinafter, the "Disputed Claims") and are specifically excluded from the operation of this Agreement and Release:

<u>Claim No.</u>	<u>Description of Claim</u>	<u>Amount of Claim</u>	<u>Date Claim Submitted</u>
NONE	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____

[If further space is required, attach additional sheets showing the required information.]

5. Consistent with California Public Contract Code section 7100, Developer hereby agrees that, in consideration of the payment set forth in Paragraph 2 hereof, Developer hereby releases and forever discharges District, all its agents, employees, inspectors, assignees, and transferees from any and all liability, claims, demands, actions, or causes of action of whatever kind or nature arising out of or in any way concerned with the Work under the Contract, except for the Lease Payments.
6. Guarantees and warranties for the Work, duty to defend, indemnify and hold harmless the District, and any other continuing obligation of Developer, shall remain in full force and effect as specified in the Contract Documents.
7. Except as provided for specifically herein, Developer hereby waives the provisions of California Civil Code section 1542 which provides as follows:
- A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.
8. The provisions of this Agreement and Release are contractual in nature and not mere recitals and shall be considered independent and severable. If any such provision or any part thereof shall be at any time held invalid in whole or in part under any federal, state, county, municipal, or other law, ruling, or regulations, then such provision, or part thereof, shall remain in force and effect to the extent permitted by law, and the remaining provisions of this Agreement and Release shall also remain in full force and effect, and shall be enforceable.
9. All rights of District shall survive completion of the Work or termination of Contract, and execution of this Release.

\* \* \* CAUTION: THIS IS A RELEASE - READ BEFORE EXECUTING \* \* \*

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Signature: \_\_\_\_\_

Print Name: Janea Marking

Title: Chief Business Officer

DEVELOPER: AM STEPHENS CONSTRUCTION CO., INC.

Signature:  \_\_\_\_\_

Print Name: Greg Stephens

Title: President

END OF DOCUMENT

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

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TERMINATION AGREEMENT AND QUIT CLAIM DEED

THIS TERMINATION AGREEMENT AND QUIT CLAIM DEED (this "Agreement") dated as of January 11, 2024 is entered by and between the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a political subdivision duly organized and existing under and by virtue of the laws of the State of California (the "District"), and AM Stephens Construction Co., Inc. (the "Developer").

WITNESSETH

**WHEREAS**, District and Developer entered into a Facilities Lease, dated April 7<sup>th</sup>, 2022, as amended ("Facilities Lease") and a Site Lease, dated April 7<sup>th</sup>, 2022 ("Site Lease") for the construction of certain improvements by the Developer at the District's Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings and Plaza Project ("Project"), located at 6879 14<sup>th</sup> Ave., Sacramento, CA 95820, as described in Exhibit A hereto and incorporated herein ("Project Site");

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

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

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

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

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

1. Termination of Leases. The District and the Developer do hereby unconditionally terminate the Facilities Lease, which pertains to that certain real property defined above as the Project Site, as more particularly described in the Facilities Lease and incorporated herein by reference. The District and Developer concurrently unconditionally terminate the related Site Lease, which pertains to that certain real property defined above as the Project Site, as

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**Termination Agreement/Quit Claim Deed  
Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings and Plaza Project**



more particularly described in the Site Lease and incorporated herein by reference. The District and the Developer agree that the District has fulfilled its obligations under the Facilities Lease and fee title to the Project and the Project Site leased thereunder is to vest in the District. The Developer and its successors and assigns shall be released from all obligations and liabilities as to the Project Site, the Facilities Lease and the Site Lease, whether arising or accruing prior to or following the date hereof, except for warranty, guarantee and latent defect obligations to the District. The Facilities Lease and the Site Lease shall no longer have any force or effect.

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

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

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

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

ACCEPTED AND AGREED on the first date indicated above.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**AM Stephens Construction Co., Inc.**

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: Janea Marking

Name: Greg Stephens

Title: Chief Business Officer

Title: President

**California All-Purpose Certificate of Acknowledgment**

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.

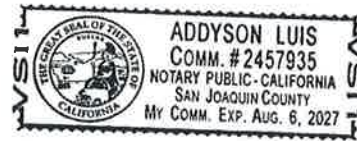
STATE OF CALIFORNIA )  
 )  
COUNTY OF San Joaquin ) ss.

On February 23, 2024, before me, Addyson Luis, Notary Public, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

Witness my hand and official seal.

Addyson Luis  
Signature of Notary Public



**EXHIBIT "A"**  
**PROPERTY DESCRIPTION**

**Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings  
and Plaza**  
**6879 14<sup>th</sup> Ave., Sacramento, CA 95820**  
APN: 01503010010000

SW 1/4 OF SW 1/4 OF SEC 15 T8NR5E MDB&M EXC R/W PER 960311/8. CONTG 38.30 N AC  
M/L.

CERTIFICATE OF ACCEPTANCE

This Acceptance dated as of March 7, 2024, is executed by the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a public school district duly organized and existing under and by virtue of the laws of the State of California (the "District").

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_

Name: Janea Marking

Title: Chief Business Officer

**California All-Purpose Certificate of Acknowledgment**

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.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 202\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

Witness my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

**AMENDMENT NO. 2 TO FACILITIES LEASE  
BY AND BETWEEN  
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT AND  
AM Stephens Construction Co., Inc.**

This Amendment No. 2 to the Facilities Lease ("Second Amendment") is made and entered into this **7<sup>th</sup> day of March 2024** ("Effective Date") by and between the Sacramento City Unified School District ("District") and **AM Stephens Construction Co., Inc.** ("Developer") (collectively, the "Parties") as follows:

**RECITALS**

**WHEREAS**, the Parties entered into a Facilities Lease, dated **April 7, 2022**, pertaining to the **Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings** ("Project") at Hiram Johnson High School, located at 6879 14<sup>th</sup> Ave., Sacramento, CA, 95820 ("Project Site"); and

**NOW, THEREFORE**, the Parties agree as follows: Section I. Second Amendment of Facilities Lease.  
**Facilities Lease - GMP Pricing is amended to reconcile unspent allowances and contingencies.**

Original Total GMP	\$8,541,747.00
Net Change by Amendment #01	\$0.00
Net Change by this Amendment #02	(\$133,366.00)
Revised Final GMP	\$8,408,381.00

Section II. All Other Provisions Reaffirmed.

All other provisions of the Facilities Lease shall remain in full force and effect and are hereby reaffirmed. If there is any conflict between this Amendment and any provision of the Facilities Lease or any prior amendment thereto, the provisions of this Amendment shall control.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 2 to the Facilities Lease to be executed by their respective officers who are duly authorized, as of the Effective Date.

**ACCEPTED AND AGREED** on the date indicated below:


Dated: \_\_\_\_\_, 2023

Dated: 2/23, 2024

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**AM Stephens Construction Co., Inc.**

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: Janea Marking

Name: Greg Stephens

Title: CBO

Title: President

**BOARD AGENDA ITEM**

**DATE:** March 7, 2024

**ITEM NO.** 13.1j

**TOPIC: APPROVAL OF RESOLUTION NO. 3390 TO ACCEPT TERMINATION OF LEASES AND QUIT CLAIM DEED FOR THE HIRAM JOHNSON HS – STADIUM LIGHTING / BLEACHERS / CONCESSION-RESTROOM BUILDINGS PROJECT**

**DESCRIPTION:** On **April 7, 2022**, the Sacramento City Unified School District (“District”) and **AM Stephens Construction Co., Inc.** (“Developer”) executed the Site Lease and Facilities Lease for the **Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings** (“Project”).

On or about February 20, 2024, the District and Developer executed the Memorandum of Commencement Date under the Facilities Lease, acknowledging that (i) Developer had completed the construction of the Project, (ii) the District had accepted and entered into possession of the Project, (iii) the term for lease payments under the Facilities Lease would now commence.

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

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

**FISCAL IMPACT:** \$348,858.19 paid for the balance of the lease payments.

**RECOMMENDATION:** It is recommended that the Board approve and adopt Resolution No. 3390 to Accept Termination of Leases and Quit Claim Deed for the Hiram Johnson HS – Stadium Lighting/Bleachers/Concession-Restroom Buildings Project.

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**Janea Marking**  
**Chief Business and Operations Officer**