

DWP File P-85341
(Mohave Steam Generating Station)
(Sale of Mohave Pump Station to RS Nine LLC)

RESOLUTION NO. 015 098

BE IT RESOLVED:

That RS Nine LLC, a Nevada Limited Liability Corporation, be granted, for and in consideration of the sum of \$11,000, all that certain real property, consisting of 0.54 acres, owned by Mohave Generating Station Project partners, to which the Department of Water and Power of the City of Los Angeles owns a ten percent interest therein, and said 0.54 acres within that portion of Government Lot Nine (9) in fractional Section 24, in Township 32 South, Range 66 East, M.D. B. & M., in the County of Clark, State of Nevada, described as follows:

BEGINNING at a point in the South line of said Government Lot Nine (9), which bears North 89°26'48" East, 799.58 feet, measured along said South line, from a found 4 inch by 4 inch post, tagged "R. L. S. 2050", set for the Southwest corner of said Government Lot Nine (9), said Southwest corner also being the Southeast corner of the land described as Parcel Three (3) in the Grant Deed to Southern California Edison Company, recorded on October 26, 1966, as Instrument No. 606206, in Book 754, of Official Records, in the Office of the County Recorder of said County; Thence North 16.39 feet; Thence East, 219.30 feet, more or less, to a point in the high water line on the West bank of the Colorado River; Thence Southwesterly along said high water line of the Colorado River, to the point of intersection thereof with said South line of Government Lot Nine (9); Thence South 89°26'48" West, 209.99 feet, more or less, measured along said South line, to the POINT OF BEGINNING.

And

That portion of Government Lot Ten (10) in fractional Section 24, in Township 32 South, Range 66 East, M.D. B. & M., in the County of Clark, State of Nevada, described as follows:

BEGINNING at a point in the North line of said Government Lot Ten (10), which bears North 89°26'48" East, 799.58 feet, measured along said North line, from a found 4 in by 4 inch post, tagged "R. L. S. 2050", set for the Northwest corner of said Government Lot Ten (10), said Northwestern corner also being the Southeast corner of the land described as Parcel Three (3) in the Grant Deed to Southern California Edison Company, recorded October 26, 1966, as Instrument No. 606206, in Book 754 of Official Records, in the Office of the County Recorder of said County; Thence South, 116.61 feet; Thence East, 132.25 feet,

more or less, to a point in the high water line on the West bank of the Colorado River; Thence Northeasterly, along said high water line of the Colorado River to the point of intersection thereof, with said North line of Government Lot Ten (10); Thence South 89°26'48" West, 209.99 feet, more or less, measured along said North line, to the POINT OF BEGINNING.

Parcel 2 with Non-exclusive easements for road, underground utilities, cut and fill purposes as described and established by that certain "Grant of Rights of Way and Easements" recorded September 4, 1969 in Book 975 as Document No. 783165, Official Records, subject to the Conditions and Restrictions set forth therein; and as partially relinquished as described in that certain "Partial Quitclaim Deed, (Easement)", recorded December 28, 2000, in Book 20001228 as Document No. 00308, of Official Records.

PARCEL3 with Non-exclusive easements for access road and utility purposes as described and established by that certain instrument entitled "Non-exclusive Access Road Easement", recorded December 26, 2000, in Book 2001226 as Document No. 01087 and 01088, of Official Records, subject to the conditions and restrictions set forth therein.

RESERVING TO the City of Los Angeles a ten percent (10%) interest in all water and water rights appurtenant, whether surface or subsurface, if any, in relation to the Property and also reserving to City a ten percent (10%) interest in all oil, gas, petroleum, or other mineral or hydrocarbon substances, if any, without the right to enter upon the surface of said land for such use; and

SUBJECT TO conditions, covenants, restrictions, reservations, rights, rights-of-way and easements now of record, if any.

BE IT FURTHER RESOLVED:

1. The President or Vice President of this Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or Acting Secretary of the Board are hereby authorized and directed to execute a purchase and sale agreement for and on behalf of LADWP and the Manager of Real Estate is authorized, empowered and directed to execute escrow instructions and related documents necessary to consummate this transaction.

2. An instrument in writing, approved as to form and legality by the City Attorney, conveying said real property is authorized, and the President or Vice President of this Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said instrument for and on behalf of the LADWP.

3. The City Council is requested to authorize and direct the execution of said instrument as provided in Section 675(d)(2) of the City Charter.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held DEC 02 2014.

Barbara E. Prosehos
Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

NOV 13 2014
BY JOHN BEANUM
JOHN BEANUM
DEPUTY CITY ATTORNEY



Los Angeles
Department of
Water & Power

BOARD LETTER APPROVAL

RESOLUTION NO. _____

Handwritten signature of Randy S. Howard in black ink.

RANDY S. HOWARD
Senior Assistant General Manager
Power System

Handwritten signature of Marcie L. Edwards in black ink.

MARCIE L. EDWARDS
General Manager

DATE: November 21, 2014

SUBJECT: Purchase and Sale Agreement No. P-85341 for the 0.54-Acre Mohave Pump Station Property of the Former and Decommissioned Mohave Steam Generating Station Project to RS Nine LLC

SUMMARY

The Los Angeles Department of Water and Power (LADWP), in partnership with Southern California Edison Company (SCE), Nevada Power Company (dba "NV Energy"), and the Salt River Project Agricultural Improvement and Power District, are owners of the Mohave Steam Generating Station (MSGs) Project. The partnership proposes to sell the 0.54-acre Mohave Pump Station property to RS Nine LLC. LADWP owns a 10-percent interest in the project. The RS Nine LLC will pay the partnership \$11,000.00 to purchase the property.

The transaction was agreed upon several years ago by all participants including LADWP. This is a minor real estate matter that requires closure by December 2014. Besides LADWP, all participants have signed off and approved this transaction.

LADWP will gain \$1,100.00 at the close of this transaction.

City Council approval is required by Charter Section No. 675(d)(2).

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution that directs the execution of a Purchase and Sale Agreement No. P-85341 (Agreement) affecting the Mohave Pump Station property of MSGS Project, all upon the terms and conditions contained therein.

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the Agreement as required in Charter Section No. 675(d)(2).

BACKGROUND

The MSGS power plant was taken out of service and fully demolished in 2012. The partnership continues to own approximately 2500 acres of project lands in Clark County, Nevada. SCE operates and manages MSGS on behalf of the partnership.

The Mohave Pump Station is a non-continuous portion of the MSGS Project and lays adjacent to the Colorado River. During operation of the plant, the pump house was used to supply cooling water to the MSGS. All water rights ceased with the closure of the plant. As part of the plant decommissioning, the water supply pipeline was filled in with cement and slurry. The Mohave Pump Station is accessible only via a private road easement. The property is not considered functionally adequate for legally permissible commercial development.

Under the MSGS operating agreement, all partners are required to execute conveyances of MSGS property. LADWP owns a 10-percent interest in the MSGS project and therefore is allocated 10 percent of sale proceeds as project income.

The purchase price was determined and negotiated by SCE as MSGS Project Manager. SCE secured the services of a licensed appraiser who determined as of July 1, 2011, that the property and improvements were valued at \$11,000. An LADWP Real Estate staff appraiser has reviewed the appraisal and has determined it was prepared in accordance with established professional standards and therefore acceptable.

SCE has provided LADWP with a copy of the Agreement, attached hereto, which requires LADWP's execution. This Agreement, approved as to form and legality by the City Attorney's Office, when fully executed, will authorize the opening of an escrow account and thereafter, the details of the transaction will be finalized including the execution of deed counterparts by all of the partners.

In accordance with Mayoral Executive Directive No. 4 (ED 4), the City Administrative Officer Report was requested. However, to facilitate timely consideration of the Agreement by the Board of Water and Power Commissioners, the Mayor's Office granted LADWP with an ED 4 waiver on November 18, 2014.

ENVIRONMENTAL DETERMINATION

In compliance with the California Environmental Quality Act (CEQA), it has been determined that this work is exempt from further requirements under the Los Angeles City CEQA Guidelines, Article III, Class 12 Categorical Exemption.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and Agreement as to form and legality.

ATTACHMENT

- Resolution
- Purchase and Sale Agreement No. P-85341
- Incumbency Certificate

PURCHASE AND SALE AGREEMENT

By and Between

SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation, the DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, a department organized and existing under the Charter of the City of Los Angeles, NEVADA POWER COMPANY, a Nevada corporation d/b/a NV ENERGY, and SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district organized and existing under the laws of the State of Arizona,

Collectively as "Sellers",

and

RS NINE LLC,
A Nevada limited liability company,

as "Buyer"

_____, 2014

PURCHASE AND SALE AGREEMENT

(Mohave Pump Station – 2862 S. Casino Drive, Laughlin, Nevada)

This **PURCHASE AND SALE AGREEMENT** ("**Agreement**") is entered into by and between SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation, the DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, a department organized and existing under the Charter of the City of Los Angeles, NEVADA POWER COMPANY, a Nevada corporation d/b/a NV ENERGY, and SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district organized and existing under the laws of the State of Arizona (collectively "**Sellers**" and each a "**Seller**"), and RS NINE LLC, a Nevada limited liability company, ("**Buyer**") (all individually referred to herein as a "**Party**" and collectively, the "**Parties**").

RECITALS

A. Sellers are the collective owner of that real property consisting of an approximately 0.54 acre parcel of land and related surface and underground easements located at 2862 S. Casino Drive in the City of Laughlin, County of Clark, State of Nevada, or otherwise appurtenant and identified as Assessor's Parcel Number 264-24-302-002, and more particularly described in the attached Exhibit A (the "**Parcel**").

B. The Property contains a pump house and related improvements (collectively, "**Mohave Pump Station**") that Sellers previously used in connection with the operation of an electricity generating and distribution system.

C. Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, the Parcel and the Mohave Pump Station (collectively, the "**Property**").

D. In 2011, Sellers and Buyer prepared an earlier Purchase and Sale Agreement in relation to Sellers' disposition and Buyer's acquisition of the Property (the "**Earlier PSA**"). However, the Earlier PSA was not fully executed and delivered in accordance with the conditions and timeframes set forth in the Earlier PSA; as such, the Earlier PSA was never established as a binding contract between the Parties and the transactions contemplated therein were never consummated.

E. Notwithstanding the lapse/failure of the Earlier PSA, Buyer remains desirous of acquiring the Property from Sellers, and Sellers remain willing to sell the Property to Buyer, all upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. **Confirmation of Lapse/Failure of Earlier PSA.** The Parties acknowledge, confirm and agree that the Earlier PSA was never fully executed by the Parties and, accordingly, a binding agreement between the Parties in relation to the disposition/acquisition of the Property was never achieved. By virtue of the foregoing,

the Parties further acknowledge, confirm and agree that (i) Buyer has no obligations or duties to Sellers arising out of the Earlier PSA and (ii) Sellers have no obligations or duties to Buyer arising out of the Earlier PSA.

2. Purchase and Sale of Property. Subject to the prior satisfaction of the Conditions to Closing set forth in Section 5 hereof, Sellers shall sell to Buyer, and Buyer shall acquire from Sellers, the Property. The Parties agree that the value of the Property is Eleven Thousand and No/100 Dollars (\$11,000.00) (the "**Property Purchase Price**").

(a) Composition of "Sellers". The Parties acknowledge and agree that one (1) or more Sellers may sell, convey or otherwise transfer (collectively, "**Transfer**") its/their interest(s) in the Property to another Seller prior to the Closing. In such instance, (i) Sellers shall promptly notify Buyer and Escrow Agent of the Transfer of the interest(s), (ii) Sellers, as constituted/defined immediately following the Transfer, shall be obligated to satisfy the remaining obligations and duties of Sellers under this Agreement, (iii) the transferring Sellers shall be relieved of, and released from, all further obligations and duties under this Agreement and (iv) Buyer and Escrow Agent shall look solely to the remaining Sellers to satisfy any and all remaining obligations and duties of Sellers under this Agreement.

3. Opening of Escrow; Closing. The escrow (the "**Escrow**") for the consummation of this transaction shall be established by the deposit of an original, fully-signed copy of this Agreement with Escrow Agent (see Section 12.1, below) (the "**Opening**"). This transaction and the Escrow shall close (the "**Closing**") within thirty (30) days of the satisfaction of the Conditions to Closing set forth in Section 5, but in any event not later than January 31, 2015 (the "**Outside Date**"). The "**Closing**" shall mean the time and day the Grant Deed is filed for recording with the Clark County Recorder and the Property Purchase Price is paid to Sellers (as constituted/defined at the Closing). The "**Closing Date**" shall mean the day on which the Closing occurs.

4. Approval of Transaction by Sellers' Governing Bodies. Sellers' collective and individual obligations under this Agreement are expressly subject to, and conditioned upon, the review and approval of the transactions contemplated herein by the governing body of each Seller. Buyer expressly acknowledges and agrees that unless and until such time as the governing body of each Seller issues its written consent to the transactions contemplated herein, Sellers cannot convey the Property to Buyer or otherwise consummate the provisions of this Agreement. Each Seller shall use commercially reasonable efforts to obtain the written consent of its respective governing body ("**Seller Approval**") not later than December 31, 2014 ("**Seller Approval Deadline**"). Notwithstanding the foregoing, Sellers, and each of them, shall not be liable for breach of contract (or otherwise) for failure to convey the Property to Buyer as a result of Sellers' inability to obtain and deliver one or more Seller Approvals. Moreover, in the event that Sellers are unable to convey the Property to Buyer due to Sellers' inability to obtain and deliver one or more Seller Approvals, Buyer (i) expressly waives any and all rights, claims or causes of action relative to, or stemming from, Sellers' failure to convey the Property to Buyer (including, but not limited to, the right to

compel Sellers' conveyance of the Property through specific performance or otherwise) (collectively "**Buyer Claims**") and (ii) shall indemnify, defend and hold harmless Sellers and their respective directors, officers, shareholders, employees, agents, contractors, elected and appointed officials, governing boards and committees (collectively "**Seller Indemnitees**") from and against any and all actions, damages, costs, expenses and losses incurred by, or asserted against, Seller Indemnitees (or any of them) and arising out of any Buyer Claims.

5. Conditions to Closing. The Conditions to the Closing are as follows:

(a) Conveyance of the Property to Buyer pursuant to the terms of the Grant Deed (see Section 6.3(a), below);

(b) Escrow Agent's delivery of the Title Policy, in the amount of the full Property Purchase Price, subject only to the Permitted Exceptions (see Section 13.2, below);

(c) Satisfaction of all of Sellers' obligations enumerated in Section 6 hereof;

(d) Satisfaction of all of Buyer's obligations enumerated in Section 7 hereof; and

(e) All representations and warranties of Buyer and Sellers, respectively, contained herein shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date.

6. Sellers' Obligations.

6.1 Notice Regarding Seller Approvals. On or before the expiration of the Seller Approval Deadline, Sellers shall deliver written notice to Buyer and Escrow Agent advising as to whether Sellers have obtained individual Seller Approvals from the governing bodies of each Seller. In the event Sellers have obtained the individual Seller Approvals, Sellers shall so advise Buyer and Escrow Agent and the Parties shall proceed to the Closing within thirty (30) days thereafter in accordance with the provisions of this Agreement. Alternatively, in the event that Sellers have not obtained one or more Seller Approvals on or before the Seller Approval Deadline, Sellers shall so advise Buyer and Escrow Agent and this Agreement shall become null and void. In such event, Escrow Agent shall return the Deposit (see Section 12.2, below) to Buyer and the Parties shall be relieved of any and all liability hereunder EXCEPT with respect to those Party obligations that expressly survive the termination of this Agreement.

6.2 Cap and Mark Obligation. Sellers shall, at Sellers' sole cost and expense, cap and mark all existing underground utility lines outside of Casino Drive Right-of-Way on Parcel #264-24-202-006 at a mutually acceptable location within sixty (60) days following the Closing.

6.3 Pre-Closing Obligations. Provided that Sellers have tendered fully-