

# OAKLEY



CALIFORNIA

Agenda Date: 10/27/2015

Agenda Item: 5.2

## STAFF REPORT

**Date:** October 27, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Dwayne Dalman, Economic Development Manager  
**SUBJECT:** Resolution accepting the bid from Cemo Commercial to purchase a portion of the undeveloped real property located at 1420-1480 Neroly Road, also known as Parcel 3 within the Neroly Commercial Center (APN 034-040-017-5)

Approved and Forwarded to City Council:

A handwritten signature in blue ink, appearing to read 'BHM', is written over a horizontal line.

Bryan H. Montgomery, City Manager

### Summary and Background

The Neroly Commercial Center was approved in 2007 and anchored by the Diamond Hills Sports Club and Spa, which was developed on Parcel 1 (see attached map). In 2011, the City purchased the two remaining parcels in the Center to help facilitate the development of the site and the economic development goals for the City. The two parcels consisted of Parcel 3 (2.36 acres) and Parcel 2 (4.6 acres)

In April 2013, staff released an Invitation to Bid for Parcel 3 within the Center. A bid was received and accepted from Seeker Development to purchase part of the site to develop a 10,000 square foot child care facility with associated play area. On June 10, 2013 the Oakley City Council approved the Tentative Parcel Map, Conditional Use Permit and Design Review for the project. The project was scheduled to start construction in summer 2014; however, Seeker Development was unable to perform under the terms of the Purchase Agreement and that Agreement terminated.

On May 23, 2014 staff released an Invitation to Bid for Parcel 2 within the Neroly Commercial Center, located at 1530-1580 Neroly Road. A bid was received and accepted from Glenn & Robin Moffatt of East Bay Workwear to purchase the southern portion of the parcel, (24,960 square feet) to develop a 6,000 square foot building with associated parking. It is anticipated that they will begin construction of their project prior to year end.

On September 10, 2015 staff released an Invitation to Bid for Parcel 2, located at 1420-1480 Neroly Road. Two bids for the property were received. One bid received was from Vijay and Rishu Khare for an amount of \$695,675. They proposed to purchase the entire property to build a 10,863 square foot child care facility with an attached 14,784 square foot playground. The remaining property was to be developed into an additional retail/office building. The Khare's are franchise operators

for Kiddie Academy Child Care Centers and have experience owning and operating Kiddie Academy Centers in Vacaville and Livermore.

The highest bid was received from Cemo Commercial in the amount of \$730,458 or \$7.08 per square foot. Cemo Commercial was founded in 1964, and has developed over 4,000 acres of office and industrial parks throughout the greater Sacramento region. They have also developed over 4,000,000 square feet of office, flex and retail buildings, including 20 child care facilities.

Cemo's child care development experience includes ten build-to-suits for The Phoenix Schools, Little Blossom Montessori and The Learning Experience. They have also acquired and renovated six child care facilities for a variety of users and have brokered deals for four child care facilities.

Cemo is proposing to build a child care center that is approximately 10,000 square feet, with a playground that is between 12-14,000 square feet. In addition to the child care facility, Cemo is proposing to develop the remaining land into a medical/professional office building(s). They feel that this type of product is largely unavailable to local businesses and that this project could best serve the market need.

Cemo Commercial has relationships with a number of child care operators and has already begun outreach to them for this project. Part of that outreach includes discussions with Vijay and Rishu Khare, who also submitted a bid. The Khare's intended to be the operator for the Seeker Development project and have made significant headway on the operations of a child care facility in this location. However, in a typical build-to-suit relationship, Cemo determines the amount of rent that an operator will need to pay, based on the overall cost of the project, including land. As these costs have not yet been finalized, Cemo has only had preliminary discussions with operators and has not completed an agreement at this time.

Staff recommends accepting the bid from Cemo Commercial per the attached resolution. If this resolution is adopted, a formal Purchase and Sales Agreement and a Childcare Grant Funding Agreement will be brought back to the City Council at a future meeting for consideration.

### **Fiscal Impact**

The City will realize \$730,458 in sales proceeds as revenue to the General Fund and will gain a child care center that will provide approximately 180 child care slots for Oakley families and the surrounding community. In addition, the recommended developers propose a medical/professional office building that will meet a market need that is underserved in Oakley. The improvements to the parcel are anticipated to be valued at approximately \$5.0 million. With these improvements, there will be an overall increase in property tax revenue of \$50,000 per year (City's share roughly \$3,500). Also, it is anticipated that the new development will provide a catalyst to stimulate further development in the center, as well as provide local employment opportunities.

In years past, the City of Oakley has collected Child Care Impact fees from new development for the specific purpose of mitigating new development's impact on child care. While the City no longer collects this particular impact fee, approximately \$525,000 is available as grant funds to assist with the overall construction of this project.

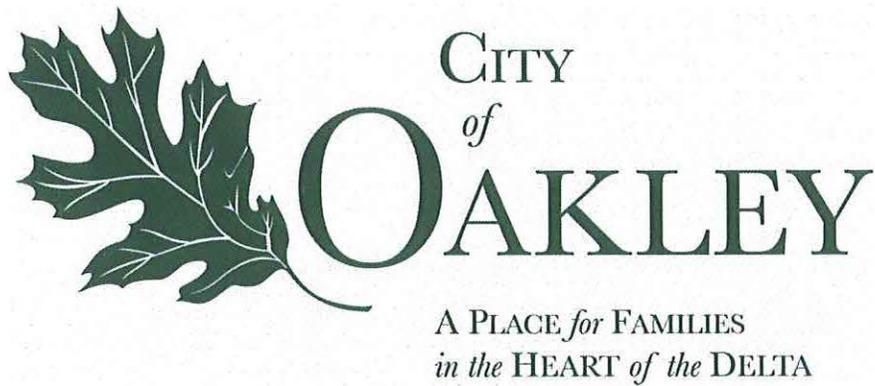
### **Recommendation**

Both parties that bid on the property have positive qualities and experience. Vijay and Rishu Khare have a great deal of child care operation experience and have been researched Oakley for the last two years to be potential operators at this site. However, Cemo Commercial has a great deal of commercial and child care development experience. This experience will be beneficial for not only developing the child care facility, but also the proposed medical/professional office building that is part of their proposal. They also have relationships with numerous child care operators and are currently outreaching to them as well as the Khare's. Based on this experience, staff recommends that the Council adopt the resolution approving the sale of Parcel 3 within the Neroly Commercial Center (APN 034-040-017-5) to Cemo Commercial for the purposes of constructing a child care center and a medical/professional office building.

### **Attachment**

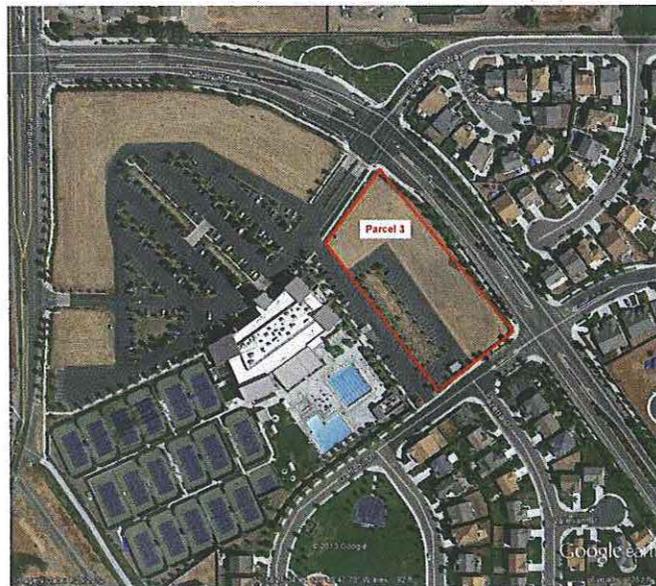
1. Site Map
2. Parcel 3 Invitation to Bid packet
3. Cemo Commercial response to Invitation to Bid
4. Khare's response to Invitation to Bid
5. Resolution





**INVITATION TO BID PACKET**  
*for the Purchase of Property to  
Develop a Child Care Facility at*

1420-1480 Neroly Road  
(APN 034-040-017-5)





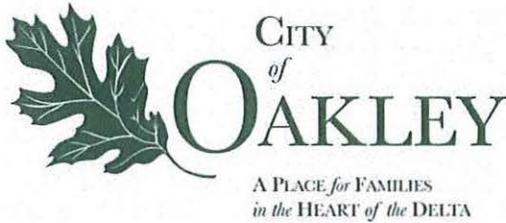
## INVITATION TO BID ON PROPERTY

The City of Oakley invites sealed bids for the purchase of real property located at 1420-1480 Neroly Road in Oakley, Contra Costa County, California (APN 034-040-017-5) adjacent to the Diamond Hills Sports Club for the purpose of developing a Child Care Facility. Grant funds in the amount of \$525,000 are available to assist with the project. The property includes 2.366 acres; however, bids will be accepted for all or part of the parcel.

The bid packet that includes a vicinity map and other relevant information can be obtained by contacting Dwayne Dalman at [dalman@ci.oakley.ca.us](mailto:dalman@ci.oakley.ca.us).

Bids must be received at 3231 Main Street, Oakley, CA 94561 **no later than 2:00 pm. October 9, 2015** at which time they will be publicly opened by the City Clerk.

The City of Oakley, at its sole discretion, reserves the right to reject any and all bids.



## **DESCRIPTION OF THE PROPERTY**

The City of Oakley offers for purchase up to 2.366 acres located at 1420-1480 Neroly Road, just north of the Diamond Hills Sports Club, in Oakley, Contra Costa County, California. The subject property is identified in the Contra Costa County Tax Assessor's Records as APN 034-040-017-5 (see Exhibit "A").

### **Site improvements**

The vacant parcel is a part of the Neroly Commercial Center site that has adjacent frontage improvements including curb, gutter, sidewalk and landscaping improvements on the west, north and east sides. The southern portion of the property has some asphalt parking (see aerial photograph as Exhibit "B").

### **Utilities**

Utilities including water, sewer, electricity, natural gas, and telephone are available on or adjacent to the site (see Exhibit "C"). Coordination with the specific utilities is recommended to determine what final connections, extensions and development fees would be required for the bidder's project. A site visit to the property is strongly encouraged.

### **Zoning**

The parcel is within a P-1 Planned Unit Development (The Neroly Commercial Center) with the uses conditioned to follow the "commercial" regulations of the zoning code. A Conditional Use Permit has already been granted on the property for a child care facility. This Conditional Use Permit will expire on June 10, 2016 and substantial construction must commence prior to that time.

### **Tentative Parcel Map**

A Tentative Parcel Map (see Exhibit "D") has already been approved on the site; however, adjustments to this parcel map will be considered. (It is most likely that the child care facility would only need one of the identified parcels in the Tentative Map).

### **Design Review**

There is also Design Review approval on the site (see the approved elevations in Exhibit "E"). Modifications to this design will be considered.

## **CHILD CARE GRANT FUNDS**

In years past the City of Oakley has collected Child Care Impact Fee funds from new development for the specific purpose of mitigating new development's impact on child care. While the City no longer collects this particular impact fee, approximately five hundred and twenty-five thousand dollars (\$525,000) are available as grant funds to assist with the overall costs of the construction of the child care facility project contemplated with this Invitation to Bid. (These funds are not eligible for use as operational funds, but can be used to defray the design and construction of the actual child care facility).

## **SPECIAL CONDITIONS**

1. The subject property will be sold "as is."
2. The City will pay no broker's fee, finder's fee, commission, or other compensation to any party claiming to counsel or represent any proposer regarding the sale of the subject property or consummation of the lease hereinafter described.
3. No representations will or have been made by the City that the subject property meets all the ordinances, regulations or laws governing bidders' proposed development of the property.
4. Any adjustments to the Tentative Parcel Map or lot line adjustment to adjust the size of the proposed parcels would be done at Buyers' expense.
5. Because the City's Child Care Impact Fee funds will be used to help construct the project, the selected developer will be required, pursuant to California Labor Code Sec. 1771 et seq. to require workers in the design, preconstruction and construction phases that are paid by developer's use of grant funds herein to be paid prevailing wages, as defined and required by the Labor Code. Developer shall comply with all requirements of the Labor Code for the payment and documentation of prevailing wages. The selected developer must notify all bidders that prevailing wages are required for this project.
6. The site also has a recorded Project Labor Agreement which requires coordination with the Plumbers & Steamfitters Union, Local 159, the International Brotherhood of Electrical Workers, Local 302, and the Sheet Metal Workers, Local 104 on those three trades as part of the overall construction of the project.
7. Any use of the subject property will be in compliance with all relevant laws and regulations, including Title VI of the Federal Civil Right Act of 1964, as amended, i.e., without discrimination as to race, color, or national origin.
8. No billboard, sign, or other outdoor advertising devices shall be erected upon the subject property other than those indicating ownership or on-premise advertising

- and shall be subject to reasonable restrictions with respect to number, size, location, and design by regulation of the City of Oakley, subject to local zoning ordinances.
9. Any public utilities or municipalities having facilities under, over, or through the subject property as of the date of its conveyance to the selected bidder shall have the right and easement to continue to maintain, operate, and renew their facilities within the subject property.
  10. This Invitation to Bid is based upon the requirements of Title 2 Article 8 of the Oakley Municipal Code.
  11. Sale of this property is subject to and contingent upon the execution of a Purchase Agreement and a Child Care with the City of Oakley.
  12. Eventual owner of the property will be subject to common area maintenance (CAM) charges that include the upkeep and maintenance of the parking lot, landscaping and lighting. The fee has been approximately \$600 per month for the entire Parcel 3.
  13. The child care facility contemplated with this Invitation to Bid must be substantially complete within 18 months of closing on the property.

## **INSTRUCTIONS TO BIDDERS**

### **General**

Sealed bids will be accepted no later than **2:00 pm. on October 9, 2015**. Emailed or faxed bids will *not* be accepted. All bids must be delivered in a sealed envelope and *clearly marked* as follows:

City of Oakley  
Attn: Dwayne Dalman  
3231 Main Street  
Oakley, CA 94561  
"Neroly Child Care Facility"

While no minimum bid is set forth, the Contra Costa County Assessor has placed a value of approximately seven dollars (\$7) per square foot, which is believed to be *considerably below* its market value due to its location and the existing improvements. It should be noted that if a bid is for only a portion of the parcel, the location of the desired portion would likely justify a higher per square foot bid than if the entire parcel is to be purchased. The City reserves the right to reject any and all bids and for any reason.

The City may consider a long-term lease; however, the preference is to sell all or a portion of the property for the proposed child care facility. It is important to note that the City does not desire to sell any of the land for "speculation," but only for impending vertical development. In other words, it is not likely that the City will sell more any portion of the parcel that is not needed for the actual child care facility).

### **Bid Surety and Closing**

The bid must be accompanied by the enclosed Offer to Purchase form, duly executed, and a cashier's or certified check in the amount of Ten Thousand Dollars (\$10,000) made payable to the "City of Oakley" as a good faith deposit to be credited towards the final purchase price. This check will be forfeited if the winning bidder fails to execute a Purchase and Sales Agreement with the City of Oakley within forty-five (45) days from the date the winning bidder is notified in writing that the bid was accepted by the City Council. Should the City Council reject the bids, the bidders' deposit checks will be promptly returned.

### **Development Plans and Timeline for Improvements**

In addition to the proposed purchase price, the City shall evaluate and consider the bid and proposal that best meets the City's desire for a successful, attractive development at the property after the sale. *The purpose of this sale is not for buyers' land speculation, but for some near-term (completion within 18 months) vertical development of a child care facility.* Restated, the City Council intends on awarding a contract to the bidder with the highest price offered *but also that* closest meets the City's expectations of quality economic development. A bidder's qualifications and experience are important factors.

### **Questions and Information**

Any questions or requests for additional information *must be submitted by email* to dalman@ci.oakley.ca.us by October 7, 2015. Responses will be distributed to all parties who requested bid packets by 5:00pm on October 8, 2015.

### **Bid Deadline**

Any Bids must be received at 3231 Main Street, Oakley, CA 94561 **no later than 2:00 pm, October 9, 2015** at which time they will be publicly opened by the City Clerk.

**THANK YOU FOR YOUR INTEREST  
IN THIS DEVELOPMENT OPPORTUNITY !!!**



## OFFER OF PURCHASE FORM

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase all or a portion of the real property known as APN 034-040-017-5 located at 1420-1480 Neroly Road in Oakley, Contra Costa County, California.

<b>Amount:</b>	\$
<b>Written Amount:</b>	
<b>Square footage of proposed purchase:</b>	

Also, as required by the terms of the offering, a bid surety in the amount of Ten Thousand Dollars (\$10,000) in the form of a cashier's or certified check made payable to "The City of Oakley" is enclosed.

**REQUIRED:** *Attach to this form a description of no more than seven (7) pages that details what your plans are to develop the property for a child care facility and that outlines a timeline for those improvements. You may include company information and references and any other information that demonstrate your capacity to successfully complete the development proposal.*

**This offer is made and surety submitted on behalf of:**

Name of Individual, Business, or Corporation: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City, State, Zip Code \_\_\_\_\_  
 Telephone Number: \_\_\_\_\_  
 Email: \_\_\_\_\_

\_\_\_\_\_  
 Signature Printed Name

\_\_\_\_\_  
 Date

**Witness:**

\_\_\_\_\_  
 Signature Printed Name

## **EXHIBIT A**

### **PROPERTY DESCRIPTION**

Real property in the City of Oakley, County of Contra Costa, State of California, described as follows:

PARCEL 3 IS THE 2.366 ACRE PARCEL AS SHOWN ON THE PARCEL MAP MS 07-976, FILED NOVEMBER 14, 2007, IN BOOK 201 OF PARCEL MAPS PAGE 28, CONTRA COSTA COUNTY RECORDS.

EXCEPTING THEREFROM ALL OIL, GAS AND MINERALS RIGHTS 500 FEET BELOW THE SURFACE OF THE PROPERTY, WHICH RIGHTS ARE RESERVED BY APRICOT LAND COMPANY, A CALIFORNIA GENERAL PARTNERSHIP AND SHALL EXCLUDE THE RIGHT OF SURFACE ENTRY AS RESERVED IN DEED RECORDED DECEMBER 24, 2004 AS INSTRUMENT NO. 2004-0497318 OFFICIAL RECORDS.

APN: 034-040-017-5

*See attached Parcel Subdivision Map MS 07-976 and Assessors Parcel Map*

POR S 1/2 SEC 35 T2N R2E MDBM

- ~~61PM24~~
- ~~72PM30~~
- ~~163PM27~~
- 4-201PM28 11/11/07
- ~~PCL "C" TR 9199~~

040

TR 9274 MB 8/4/0



104-7 ASSESSOR'S MAP BOOK 34 PAGE 4 CONTRA COSTA COUNTY, CALIF.

06

25 FT RUN TO W LINE CO RD ON E LINE SEC 35 VINTAGE DR.

PB 53

Subject Property

52

03

61

12

51

05

PB 19

NOTE: THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSURED FOR THE ACCURACY OF THE INFORMATION DELINEATED HEREON. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL LOT SPLIT OR BUILDING SITE ORDINANCES.

040

TR 9199 MB 5/11-8 3/3/10

60

19

TR 9274 MB 8/2-1 7/21/10

62

21

22

PB 18

STA 61552 +0.500 621

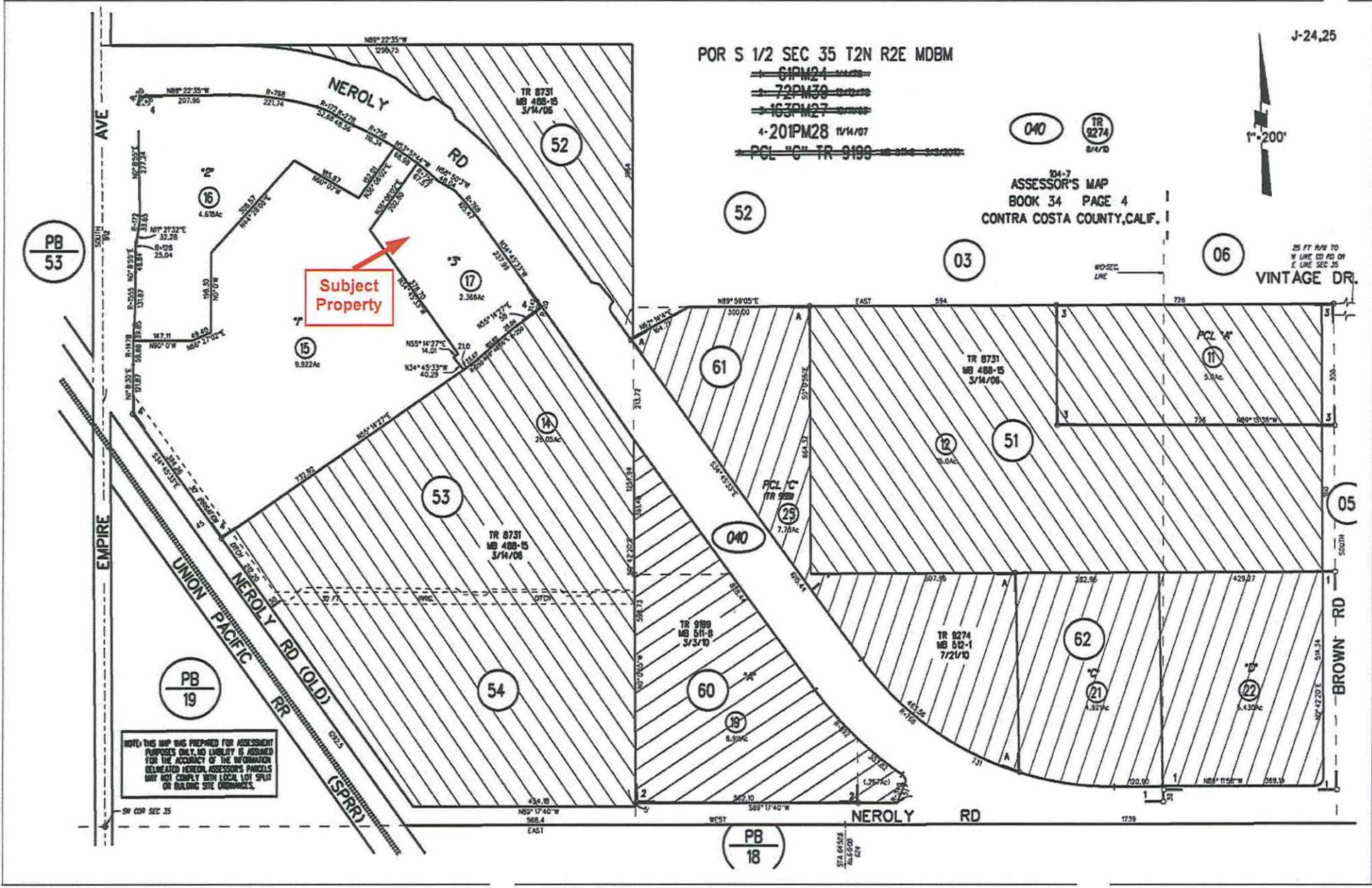
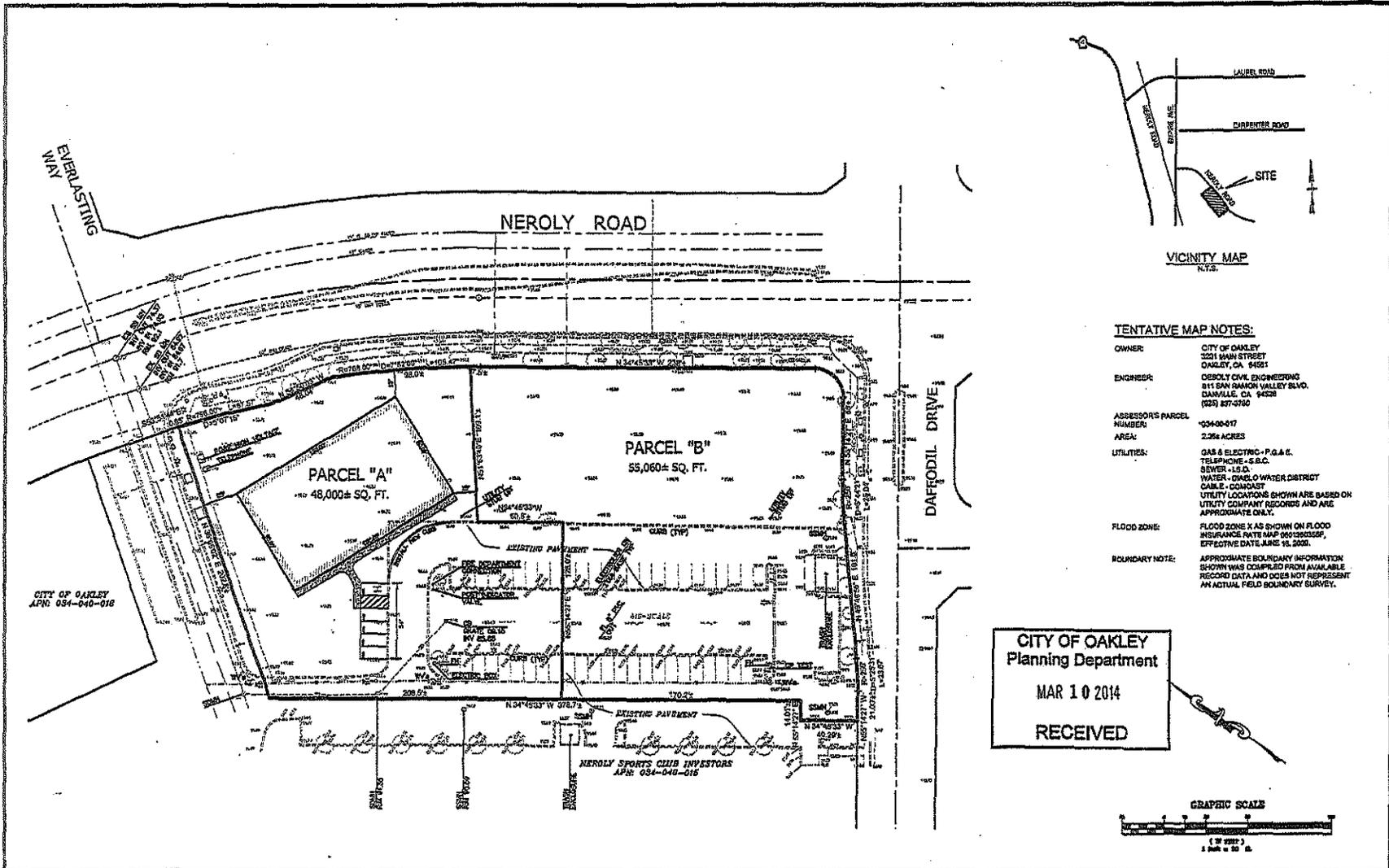


EXHIBIT B





EXHIBIT D



**TENTATIVE MAP NOTES:**

OWNER: CITY OF OAKLEY  
3231 MAIN STREET  
OAKLEY, CA 94611

ENGINEER: DEBOLT CIVIL ENGINEERING  
811 SAN RAMON VALLEY BLVD.  
DANVILLE, CA 94526  
(925) 837-4378

ASSESSOR'S PARCEL NUMBER: 034-040-017  
AREA: 2.264 ACRES

UTILITIES: GAS & ELECTRIC - P.G.A. & C.  
TELEPHONE - S.B.C.  
SEWER - I.L.D.  
WATER - CHABLO WATER DISTRICT  
OAKLE - COMCAST  
UTILITY LOCATIONS SHOWN ARE BASED ON UTILITY COMPANY RECORDS AND ARE APPROXIMATE ONLY.

FLOOD ZONE: FLOOD ZONE X AS SHOWN ON FLOOD INSURANCE RATE MAP 05020200P, EFFECTIVE DATE JUNE 15, 2009.

BOUNDARY NOTE: APPROXIMATE BOUNDARY INFORMATION SHOWN WAS COMPILED FROM AVAILABLE RECORD DATA AND DOES NOT REPRESENT AN ACTUAL FIELD BOUNDARY SURVEY.

CITY OF OAKLEY  
Planning Department  
MAR 10 2014  
RECEIVED



03-13  
TENTATIVE MAP

NEROLY CHILD CARE

CITY OF OAKLEY      CONTRA COSTA COUNTY      CALIFORNIA

#	REVISIONS	DATE

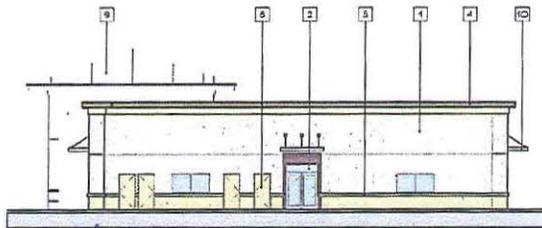
**D** DeBolt Civil Engineering  
811 San Ramon Valley Boulevard  
Danville, California 94526  
Tel: 925/837-4378  
Fax: 925/837-4378  
debolt@deboltcivil.com

DSE  
1/4" = 1'  
Scale  
By: [Signature]  
10/14  
Job No.: 1156

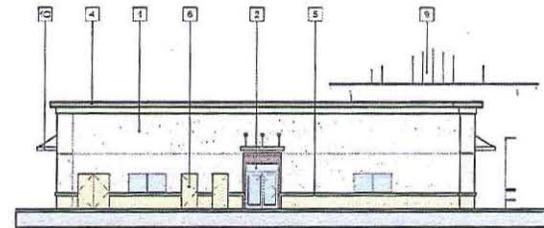


North Elevation

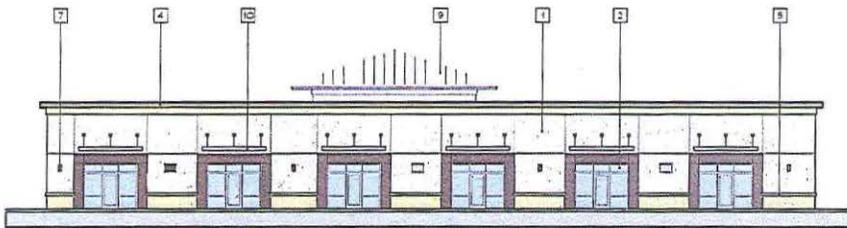
TYPICAL KEY NOTES	
1	PAINTED TEXTURE CEMENT PLASTER FINISH - LIGHT SAND TEXTURE
2	CLEAR ANODIZED ALUMINUM - BLUE-GREEN GLASS
3	STANDING SEAM METAL ROOF BRASSIDE - ZINC GRAY
4	CORNICHE ELEMENT
5	INTERMEDIATE CORNICHE ELEMENT
6	METAL HAND-DOOR
7	DECORATIVE LIGHT FIXTURE
8	SIGNAGE LOCATION
9	ROOF SETYOND
10	METAL CANOPY



West Elevation



East Elevation



South Elevation

Child Care Center  
 Neroly Road & Empire Ave.  
 Oakley, California

EXHIBIT E

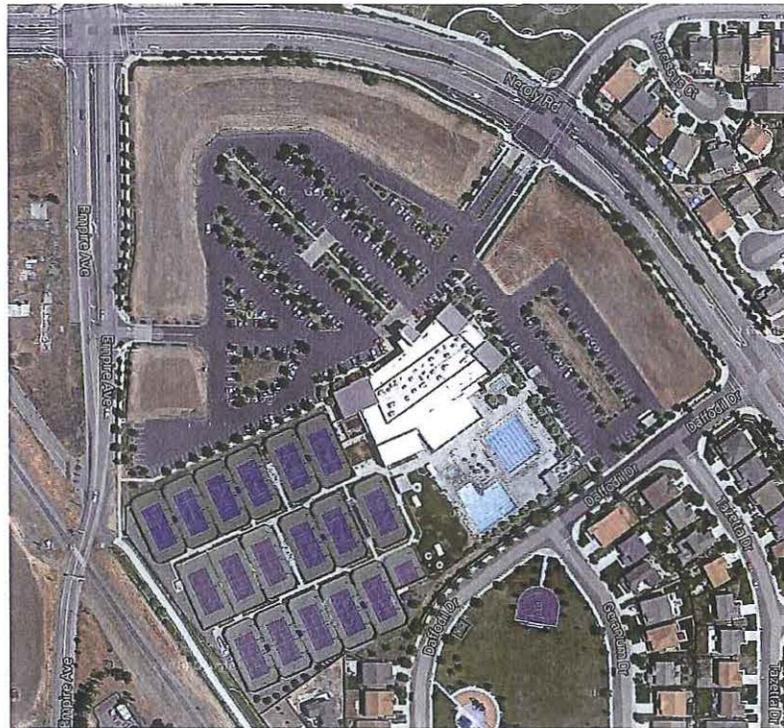
PERKINS, WILLIAMS & COTTERILL  
**A·R·C·H·I·T·E·C·T·S**  
 10440 WHITE ROCK RD., DUBLINO RANCHO COORDOV, CA 94528  
 916-431-1400 FAX 916-431-1400  
 perkinswilliams.com

Elevations  
 Child Care Center

Project: SEEKER DEVELOPMENT  
 Job No. 14352 Date: 4-14-2014  
 Scale: AS NOTED

A10

# INVITATION TO BID 1420 NEROLY RD, OAKLEY, CA.



9/21/2015

Response to the invitation to Bid Packet,  
1420 Neroly Rd, Oakley, Ca.

# Invitation to Bid 1420 Neroly Rd, Oakley, Ca.

## RESPONSE TO THE INVITATION TO BID PACKET, 1420 NEROLY RD, OAKLEY, CA.

Cemo Commercial along with our development partners are pleased to present the following response to the RFP for the development of an early childcare facility located at 1420-1480 Neroly Road within the city of Oakley California. In this response the City of Oakley and its public officials will become familiar with why Cemo Commercial and our development partners are the best positioned group to deliver the intended childcare facility to the City of Oakey and its residents.

### THE EVOLUTION OF CEMO COMMERCIAL

Began in 1964 when Cemo purchased 40 acres of land near Coloma Road and Sunrise Boulevard in Rancho Cordova, California. Since, Cemo has developed over 4,000 acres of office, technical and industrial business parks as well as 4,000,000 square feet of office, flex and retail buildings which include 20 childcare facilities. For over 50 years Sammy F. Cemo has developed and sold hundreds of commercially zoned parcels throughout the greater Sacramento region.

Cemo's successful development career significantly expanded his asset base prompting a demand for property management services of his portfolio. In 1993, in an effort to satisfy this need, Cemo formed Cemo Commercial, Inc. to oversee and maintain his portfolio. Cemo Commercial, Inc. now operates as the full service commercial real estate company providing new development, property management services, and brokerage services throughout Northern California.

### DEVELOPMENT RESUME

Spanning the last several decades, Cemo along with Cemo's various development partners have successfully developed twenty early childcare development facilities and private K-8 elementary/middle schools and a multitude of commercial office, medical office and industrial business parks and buildings, and commercial retail centers throughout the greater Sacramento real estate market.

### CHILDCARE FACILITIES

#### BUILD TO SUIT

##### The Phoenix Schools

\*Located at 640 and 650 Willard Drive, Folsom, CA, This **multi building campus** consists of four buildings provides educational service to grades PreK-8<sup>th</sup> grade. This project was developed in 1998 specifically for the Phoenix School. It remains open today and is owned by one of Cemo Commercial long standing development partners.

Located at 4940 and 4958 Robert J Mathews, El Dorado Hills, CA, also a **multi building campus** consisting of two buildings totaling 11,200 sf provided educational service to children ranging from K-8<sup>th</sup> grade. This property was developed for the Phoenix School in 1997.

**Invitation to Bid 1420 Neroly Rd, Oakley, Ca.**

Located at 2820 Theona Way, Rocklin, CA., a 11,520 sf standalone building was developed for the Phoenix School in 2000 to provided educational service to children ranging from K-8<sup>th</sup> grade..

\*Located at 1071 Trehowell, Roseville, CA., a 8,010 sf standalone building was developed for the Phoenix School in 2002 to provided educational service to children ranging from K-8<sup>th</sup> grade.

Located at 3050 Babson Drive, Elk Grove, CA., a 8,010 sf standalone building was developed for the Phoenix School in 2003 to provided educational service to children ranging from K-8<sup>th</sup> grade.

Located at 1520 N Lincoln Street, Dixon, CA., a 11,520 sf standalone building was developed for the Phoenix School in 2004 to provide educational services to children ranging from K-8<sup>th</sup> grade.

**Little Blossom Montessori - 2075 Arena Blvd, Sacramento, CA.**

a 11,520 standalone building sf was developed for the Little Blossom Montessori in 2006 to provide educational service to children ranging from Pre K – Kindergarten, this facility also offers after school care for children through 8<sup>th</sup> grade.

**\*The Learning Experience - 1740 Prairie City Road, Folsom, CA,**

a 10,000 standalone building sf was developed for The Learning Experience in 2013 to provide educational service to children ranging from Pre K – Kindergarten.

**ACQUISITIONS/RENOVATION**

**\*Little Blossom Montessori - 2317 Gold Meadow Way, Gold River, CA**

a 11,942 standalone building sf was acquired and renovated for the Little Blossom Montessori in 2015 to provide educational service to children ranging from Pre K – Kindergarten, this facility also offers after school care for children through 8<sup>th</sup> grade.

**\*Kids Camp - 231 Blue Ravine Road, Folsom, CA,**

a tenant occupying 3,568 sf in part of a retail center, providing premium, drop-in hourly child care on a flexible schedule for ages 6 weeks to 12 years old, as well as educational services.

**Kids Camp - 945 W. Roseville Parkway, Roseville, CA,**

a tenant leasing approximately 4,000 sf in a multi-tenant retail center that providing premium, drop-in hourly child care on a flexible schedule for ages 6 weeks to 12 years old, as well as educational services.

**Kids Camp - Located at 5041 Robert J. Mathews, Suite 200, El Dorado Hills, CA.**

a tenant occupying 4,270 sf in part of an office building, providing premium, drop-in hourly child care on a flexible schedule for ages 6 weeks to 12 years old, as well as educational services.

**Islamic Society of Folsom - Previously Located at 1143 Sibley Street, Folsom, CA**  
Formerly a tenant that leased 6,000 sf for a private charter school grades Kindergarten -8<sup>th</sup>.

**\*Gift of Kids - 5130 Golden Foothill Parkway, El Dorado Hills, CA.**

a 6,920 sf standalone facility that offers pre-kindergarten and kindergarten afterschool care for children up to age 10.

**BROKER ONLY**

**La Petite Academy (Folsom, Ca.)**

**Madrone Montessori - 5001 Windplay, El Dorado Hills, CA.**

**Praiseland Academy - 5003 Windplay, El Dorado Hills, CA.**

**Marble Valley School - 5001 Windplay, El Dorado Hills, CA.**

\*Projects that remain under the management/ownership of Cemo Commercial and/or Cemo Partners

## **OFFICE/INDUSTRIAL PROPERTIES**

### **BUSINESS PARKS/MULTI BUILDING DEVELOPMENTS**

**Lincoln Business Park (Lincoln, Ca.)**

+/- 1,100 acre infrastructure project, designed and built 8 building in the development

**Rancho Cordova Development Rancho Cordova, Ca.)**

+/- 1,000 acre infrastructure projects, designed and built 20 buildings within multiple developments

**El Dorado Hills Business Park (El Dorado Hills, Ca.)**

+/-890 acre infrastructure project, designed and built 47 buildings within the development

**Laguna West Business Park (Elk Grove, Ca.)**

18 acres, 12 Office/Tech buildings

**Glenn Tech Center (Folsom, Ca.)**

12 acres 4 office buildings

**Cemo Business Park (West Roseville, Ca.)**

18 Acres, 12 office/tech buildings

**Truxel Station Office Buildings (Sacramento, Ca.)**

2 Multi Story Class A commercial office buildings (33,000 sf and 28,000 sf)

**Lake Forrest Tech Park (Folsom, Ca.)**

39 acres responsible for building 6 of the 25 commercial office buildings

**Elk Grove Industrial Park (Elk Grove, Ca.)**

48 acre infrastructure project

**West Sacramento Industrial Park (West Sacramento, Ca.)**

64 Acres infrastructure project

## **RETAIL PROPERTIES**

### **NEW DEVELOPMENT**

**Truxel Station Center**

+/- 60,000 sf multi-tenant commercial retail center

**West Roseville Place**

+/- 16,000 sf multi-tenant commercial retail center

**Folsom Dam Retail Center**

+/- 16,000 sf multi-tenant commercial retail center

**Natoma Station Retail Center**

+/- 12,000 sf multi-tenant commercial retail center

**ACQUISITION/RENOVATION**

**Fair Oaks Pointe Center (Fair Oaks, Ca.)**

+/- 58,000 sf multi-tenant commercial retail center

## PROPOSAL

Cemo Commercial and its development partners (an entity to be formed upon the awarding of this project) are pleased to submit the aforementioned resume and the following proposal to the City of Oakley and its elected officials for the future commercial development of 1420-1480 Neroly Road. We feel that our breathe of development experience and success in developing child care facilities and professional office environments sets us apart from all others being considered for this project. Our extensive background knowledge in the development of these types of projects allows us to understand all of the moving parts of these types of project early in the process and forward think solutions to issues that may arise.

### Proposed facilities

#### **Childcare Facility**

Based on the site configuration and the amount of acreage provided in the Invitation to Bid, we are proposing to construct an early childhood development center consisting of approximately 10,000 sf with a playground that is approximately 12-14,000 sf in size. The construction of the facility will likely be wood frame construction and will conform to the design specifications outlined in the approved conditions of approval; for the project. We have had conversations with multiple interested preschool operators for this project, but due to the bidding process and our desire to select an operator that will be a great asset to the community we have not yet determined which company we will ultimately place in this facility. If awarded this project, we will conduct our own due diligence to ensure the operator we place will not only be a great asset, but also will embody the same values and commitment to the community the City has. Once this element is determined we will refine the design elements and specification and process them through the proper channels.

#### **Professional Office Building**

In addition to the child care facility, our intention is to develop the remaining land into professional medical office building(s). Based on our understanding of the local market place we feel that this asset type remains largely unavailable to the local business and that new product would best serve the current market need. Our approach to developing this type of office property will first be to engage the City of Oakley and the city's economic development department to identify what professional services such as law firms, doctors, and dentists are underrepresented in the marketplace.

### Economics of the Proposal

In our analysis of this project and its viability we took into account many factors to assist us in determining the economic value of the offered parcel of land. We considered the current asking lease rates, local trade and prevailing wage cost of construction, and estimated future cost of building materials. These factors along with our understanding of the local market demographics, the hard and soft costs of development of child care facilities, and the development of professional office space for professional and medical services helped us to determine our offering price. Our intent is to develop a project that will be sustainable and affordable to local businesses and beneficial to the community as well as modestly profitable to us as our intent is for this project to be a long term hold in our portfolio. In order to accomplish these targets and remaining consistent with a fair market value of this property based on

Invitation to Bid 1420 Neroly Rd, Oakley, Ca.

other similar on market and previously sold properties we are offering to the City of Oakley a purchase price of Six Hundred Twenty Five Thousand Dollars (\$625,000.00).

Cemo Commercial's history and success developing commercial property and child care facilities positions us very well to perform on a project that the City of Oakley wants for their residents. We really appreciate the city including us in the Invitation to Bid and look forward to an acceptance of our proposal.

Sincerely,

Douglas J. Quiroz  
President  
Cemo Commercial, Inc.



October 14, 2015

City of Oakley  
Attn: Dwayne Dalman  
3231 Main Street  
Oakley, Ca. 94561

**RE: 1420 Neroly Road Invitation to Bid – Increase in Bid Amount**

Dear Mr. Dalman:

This letter is to serve as notice that Cemo Commercial, Inc. intends to increase their bid amount from \$625,000 to \$730,458.75 for the purpose of developing an early childcare facility located at the property referenced above.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Quiroz', is written over a large, stylized blue circular graphic that resembles a signature or a logo element.

Douglas J. Quiroz  
President, Broker  
Cemo Commercial, Inc

**OFFER OF PURCHASE FORM**

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase all or a portion of the real property known as APN 034-040-017-5 located at 1420-1480 Neroly Road in Oakley, Contra Costa County, California.

Amount:	\$ 695,675
Written Amount:	Six hundred Ninety Five thousand Six hundred Seventy Five
Square footage of proposed purchase:	PARCEL 3 ; 2.366 acre N 103,407

Also, as required by the terms of the offering, a bid surety in the amount of Ten Thousand Dollars (\$10,000) in the form of a cashier's or certified check made payable to "The City of Oakley" is enclosed.

**REQUIRED:** Attach to this form a description of no more than seven (7) pages that details what your plans are to develop the property for a child care facility and that outlines a timeline for those improvements. You may include company information and references and any other information that demonstrate your capacity to successfully complete the development proposal.

**This offer is made and surety submitted on behalf of:**

Name of Individual, Business, or Corporation: VIJAY KHARE, MY PREM LLC  
 Address: 616 BOURNE CT  
 City, State, Zip Code: DANVILLE CA 94506  
 Telephone Number: 925-964-9304  
 Email: KAOAKLEYCA@GMAIL.COM

Vijay Khare  
 Signature  
10/9/15  
 Date

VIJAY KHARE  
 Printed Name

Rishu Khare  
 Witness:  
 Signature

RISHU KHARE  
 Printed Name

**KIDDIE**  **ACADEMY**®  
EDUCATIONAL CHILD CARE

**Proposal to Purchase Land and Develop  
Neroly Child Care Facility at  
1420-1480 Neroly Road  
(APN 034-040-017-5)**

**Presented on October 9, 2015**

Principal Contact:  
*Rishu and Vijay Khare*  
*My Prem LLC.*  
*616 Bourne Ct*  
*Danville CA 94506*  
*925-964-9304*  
*kaoakleyca@gmail.com*

Presented to:  
*Mr. Dwayne Dalman*  
*City of Oakley*  
*3231 Main Street*  
*Oakley, CA 94561*

This RFP response has been prepared by the management team of My Prem LLC. (the "Company"), and is being furnished to select individuals and/or entities for the sole purpose of responding to the RFP requested by City of Oakley. This response is a confidential document that contains proprietary ideas, concepts, methods and other proprietary information. Readers are to treat all of the information contained herein as confidential and may not copy materials or share any of this information with others without the written authorization of the "Company". Any site development and operating plans described here will only be finalized once detailed development plans are in place. Nothing proposed here constitutes a commitment to build exactly as described.

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The purpose of this document is to provide a comprehensive description of our proposal to purchase land and develop a child care facility aka Neroly Child Care facility. This property will now be referenced as Kiddie Academy of Oakley under a franchise granted by Kiddie Academy Domestic Franchising, LLC ("KADF"). Project Assumptions are captured in the Appendix on page 10

## **Proposal Summary**

We are extremely pleased to provide a proposal to develop the property located at 1420-1480 Neroly Road and develop a world class child care facility. As part of this transaction, My Prem LLC will purchase Parcel 3 at \$6.75/sf which equates to ~ \$695,675. See Appendix page 9 for property outline. A substantial portion of what is currently described as "Parcel B" will be used to build a facility that includes a 10,863 sf of a free standing building and a 14,784 sf playground. All remaining land will be utilized for vertical development of additional retail/office space and related parking. The parcel acquisition is not being done to resell the land. Timing and type of additional development on Parcel 3 will be determined shortly.

At full interior classroom build out, this facility will provide capacity to concurrently care for 190 children. A visual representation of the proposed design is included in the Appendix from pages 12-14.

All \$525,000 in child care grant funds will be utilized for the design and development of the child care facility. A reputable lender (CapitalSource) has already committed to providing \$3MM in loans to fund the project. Copy of commitment letter is attached in the Appendix on page 11. We anticipate completing this project well within the desired 18 month time duration. As part of this proposal, we are also enclosing a filled out offer to purchase form and \$10,000 in good faith deposit.

We are well qualified to bring the project to the finish line faster than anyone else due to the incredible head-start we have on facility design and project financing. We are proud to bring a national brand of exceptional child care services to the City of Oakley.

## **The Kiddie Academy Franchise**

The first Kiddie Academy® location opened in 1981 in Baltimore, Maryland, and in 1992 a predecessor of KADF began franchising under the Kiddie Academy® name. Currently, there are 142 open and operational Kiddie Academy® locations. An additional 52 franchised Kiddie Academy® locations are under various stages of development. Overall, Kiddie Academy® locations are open or under development in 25 states. KADF's long-term business plan is to continue to develop and open Kiddie Academy® locations across the country.

Desire for high quality, education-based child care programs is increasing as a result of a marked shift in preferences toward more structured, education-based child care environments. Kiddie Academy® utilizes a developmentally-appropriate, education-based curriculum designed to promote each child's intellectual, social, physical, emotional and language development. Further, all Kiddie Academy® locations incorporate a number of design features that promote child safety and support the curriculum.

We are well prepared and utilize a comprehensive set of systems and methodologies with respect to the operations, business management and quality control procedures associated with a state-of-the-art child care facility. This training, as well as the on-going support provided by KADF, will further enable us to maintain uniform, high quality standards. These systems and methodologies, which are compiled in a series of manuals, have been developed by KADF and its affiliates, are based upon extensive experience gained in the child care industry, and are continually revised and updated.

## Why Should Kiddie Academy Be Selected?

We believe we are the best team to develop a child care facility at this location. We are **committed to excellence** in everything we do and have the **resources** and **experience** that no other team can match. Finally, our proven **curriculum** will prepare the next generation to thrive in life.

We have been working on developing a child care facility in Oakley for over 2 years. During this time, we have studied the market deeply and met with numerous families that are seeking high quality child care in the city. We have also met with city officials to supplement our understanding of the city requirements so we can build a state-of-the-art institution with form and function that will be unmatched anywhere in Contra Costa County.

**Accelerated Development:** No one else can match the head-start we have on the project:

1. We have a very detailed and fully functional concept plan that has been laid out to the exact dimensions of the building. The city of Oakley is already familiar with our proposed layout and all the detailed design elements. See attachments in the Appendix on page 12-13.
2. We have an approved loan from 2 lenders. A binding commitment letter from one of the lenders is attached in the Appendix on page 11 for your review.
3. We have a team of architects and engineers that are well versed on the project and have been involved in building Kiddie Academy facilities in the extended bay area market or have completed design and development projects in the city of Oakley.
4. We are a soup-to-nuts entity. There are no layers between the city and us. We are not a 3<sup>rd</sup> party developer that may or may not have a willing operator interested in running this facility.

We have the financial resources to complete this development and ensure a successful startup and operation of the facility. This is evidenced by the ultra-strong credit history of the owners and approved loans to develop the project by strong financial institutions. We are experienced owner/operators of the Kiddie Academy franchise and have been in the child care industry for a long time having developed/operated 2 other facilities. We are also backed by a team of over 50 professionals that include construction experts; curriculum experts and operational experts to ensure that we can start-up the building on schedule and within budget.

We believe these are significant advantages in accelerating this development and taking months if not years out of the timeline of this project. City residents have waited too long to have an exceptional child care facility in their backyard and we are certain that we can open the doors to city residents at a rapid pace.

Part of our commitment to excellence is reflected in our strong education based curriculum that is unmatched in the industry. It is important to remember that the purpose behind developing a child care facility is to provide the city of Oakley residents the best quality child care available anywhere.

Finally, we are also prepared to offer a significant discount on our services to city of Oakley residents by offering subsidized child care services to qualifying residents. We will also provide priority to city residents in our enrollment process.

Kiddie Academy of Oakley will undoubtedly be a source of pride to city residents. See Appendix page 14 for sample visuals of what a fully built out Kiddie Academy facility may look like.

## Development Plan

Our plan is to purchase Parcel 3 and build a 10,863 sf building and 14,684 sf of outdoor playground space. This includes an additional 9 parking spaces in front of the building including 2 ADA compliant spaces. Kiddie Academy of Oakley will provide programs throughout the year for up to 190 children concurrently whose ages range from six weeks to 12 years. Programs are offered Monday through Friday generally between the hours of 6:30 am and 6:30 pm.

The indoor area will feature separate classrooms for each age group starting with infants; toddlers; all the way to school age children and feature an indoor play space that will serve as expansion space for additional classrooms as demand builds up. The building will also include a kitchen; break room area and other staff and child care features.

Classrooms will feature cubbies and interactive, education based play areas that include state-of-the-art technologies including computers and tablets that enable us to deliver our curriculum. The various classrooms within the facility are decorated with a variety of colorful pictures, nursery rhyme depictions, seasonal pictures, maps, bilingual calendars and color charts, as well as other age-appropriate materials and environmental labels designed to stimulate the children’s curiosity and support the curriculum and language development. Colorful educational carpets and bulletin boards display themes that are appropriate for various age groups. Moreover, decorative wall hangings in each classroom correlate to the curriculum’s monthly and weekly themes, and provide other learning supplements.

The playgrounds are divided into separate areas for different age groups, which include age-appropriate play structures; shaded areas; picnic tables; basketball areas and a running track.

Below is our anticipated timeline for development:

	Nov	Dec	Jan '16	Feb	Mar	Apr	May	Q3-Q4 '16	Jan '17
Execute Purchase Agreement									
Prepare Construction Drawings									
Obtain construction Permits									
Close Escrow on land									
Building Construction									
Obtain CO; child care license ; grand opening									

We will be drawing down on the child care grant funds throughout the development process based on project progression.

***The Kiddie Academy of Oakley Commitment***

When children attend our academy, they will receive the finest care available. Further, they acquire the skills and strength of character that will foster their success now and in the future. We are committed to providing:

- I. *A caring, nurturing and supportive environment;*
- II. *A developmentally appropriate curriculum for each age group encompassing all facets of learning;*
- III. *Peace of mind for parents based upon an open door policy and safe, secure surroundings;*
- IV. *Well-trained, child care professionals who are dedicated to partnering with families and passionate about educating children; and*
- V. *Experiences that raise each child’s awareness and understanding of our diverse world.*

## **Curriculum**

The curriculum incorporates two basic principles of learning: (i) children under the age of six learn through direct experience, i.e., the use of their own creative abilities to manipulate objects in an environment which encourages curiosity and exploration, and (ii) for all ages of children, teachers must emphasize verbal skills in order to develop the children's ability to digest, understand and recall information conveyed to them. The curriculum encourages children to construct, move and interact, and supplies teachers with the tools to communicate information in a manner appropriate for various age groups. The curriculum emphasizes more structured learning through academics with a focus on exploration during the traditional school-year months (September through June) and recreation and socialization through athletic activities and field trips during the summer months (July and August). During the school year, units are established and divided into specific weekly thematic programs and daily projects, all of which directly relate to the unit. As children advance through the curriculum, the specific skills learned at each succeeding age build upon the foundation established in the previous year or years.

A KADF team of experts has written the curriculum and the owner and staff of Kiddie Academy® of Oakley will be trained on its effective implementation. A summary of each program within the curriculum follows:

I. Kiddie Academy welcomes infants to the world of ***New Beginnings***. The Infant Program is designed to work with each infant's individual needs, adapting to his/her physical, intellectual and psychosocial stages of development. At Kiddie Academy, caregivers know all about helping infants build a sense of security and laying a foundation for the development of confidence and trust. Kiddie Academy caregivers work closely with families on a daily basis to ensure that they are meeting each infant's evolving needs through individualized schedules and loving, attentive care.

II. At Kiddie Academy, toddlers are busy ***Discovering Me***. Fun and educational activities and materials are provided to foster children's language development, as well as their social/emotional and intellectual growth. Toddlers are encouraged to explore, discover, invent and experiment while they gain an understanding of the world around them. This program offers each child opportunities for individual and small group activities, while integrating a caring and nurturing environment for the rapidly growing toddler.

III. ***Exploring My World*** is the mantra for Kiddie Academy's increasingly curious two-year-old children. Their caring staff will guide each child in daily activities that enhance their language, self-help and socialization skills, incorporating children's literature, music and movement activities, and art exploration. All activities are designed to meet the needs of the naturally curious and active two-year-old.

IV. Every parent knows ***I Can Do It*** is the hymn of the increasingly independent 3-year-old child. This program promotes the child's independence, imagination and creativity. Three-year-olds are becoming interested in activities with structure. Language, reading readiness and socialization skills are integrated into daily activities. Children are encouraged to speak in sentences and explore colors and shapes. Further, they will gain a love of children's literature and begin to recognize individual letters of the alphabet. The ***I Can Do It*** program helps each child put all of his/her new skills together to promote a feeling of competency and confidence.

V. With Kiddie Academy's ***Ready, Set, Go*** program, 4-year-olds are on their way. Kiddie Academy helps each child on their way by providing a wide range of hands-on educational activities and materials that promote reading readiness, language arts, math, science, and social and motor skills. Kiddie Academy's goals are to instill within each child a joy of learning and to give each child the confidence to try new challenges.

These traits ensure future academic success. Kiddie Academy caregivers will work with parents, as a team, to provide each child a personalized educational program according to individual needs and abilities.

VI. ***I'm On My Way!*** At Kiddie Academy 5-year-olds are recognized for their special talents and interests. The program includes guided learning experiences in language arts, math, science, social studies, creative arts, technology and music. Emphasis is placed on developing early literacy awareness, and reading and writing skills in an environment promoting creative expression and peer cooperation.

VII. ***Creative Explorers*** is a before and after school program/curriculum for elementary school children. They are offered a safe, secure and fun environment, with ample opportunity for socialization in an age-appropriate setting. Children receive assistance with homework and participate in a wide range of daily activities, including arts and crafts, science and discovery, games, creative dramatics, and sports and recreation. ***Creative Explorers*** is also offered for extended hours on many school holidays and early dismissal days. There are also opportunities for long term project discovery as teamwork is emphasized in this program.

VIII. Summer is time for our ***Camp Adventure*** summer camp program/curriculum. It is a time for children and staff to enjoy a "camp-like" atmosphere. Activities abound focusing on sports, recreation, drama, field trips, science, outdoor activities and group socialization. Individual groups of children can focus on projects and mini camps that interest them in a child-led environment.

Kiddie Academy® facilities are designed and equipped to meet the evolving needs of children. Teachers are well trained and provided with sufficient resources to foster developmentally appropriate learning experiences.

### **Safety Is a Primary Concern**

Our primary concern is the care and safety of the enrolled children. Considerable precautions will be taken at the academy to ensure the safety and well-being of every child. The safety of the children is considered in the design of every Kiddie Academy® location. Most of our classrooms have low walls (four feet high) at the entrance which allows for greater visibility into the classroom. Further, the Director's office is located adjacent to the entrance of the academy, which enables the Director to monitor individuals who enter or leave the building. Additional safety features include: staff photo identification badges; computerized parent and staff sign-in procedures; video camera monitors; door alarms; security key pads on every front door; and staff background checks.

## About the Owners



### **Introduction:**

We (Rishu and Vijay Khare) are local bay area residents with homes in Antioch and Danville and have a deep vested interest in providing the very best child care services possible to this community. Our commitment to parents and the community is to assist children in developing the confidence and self-esteem necessary to meet the challenges they will face throughout life. Our children will learn and grow socially, physically, emotionally and intellectually through the Kiddie Academy experience. Parents entrust their children to our care and we take this responsibility very seriously. This belief is at the core of everything we do.

### **Business Experience:**

Vijay is currently on the executive team and equity owner at Le Tote – a fast growing online women’s fashion company that has received over \$25MM in venture capital investments. Prior to that Vijay has been a supply chain leader at a variety of well-known industry and consulting companies with 20 years of global business experience. Vijay has also guided the Kiddie Academy franchise as Chairman of the Brand Building committee. He holds an MBA from the University of Texas and an engineering degree from MIT, India.

Rishu brings over 10 years of experience in the child care field both as a parent/teacher as well as a hands-on owner/operator at the Kiddie Academy of Vacaville. She routinely mentors new and experienced franchisees in business startup, operations, curriculum and financial planning. She holds an MBA from the University of Dallas and a Bachelor of Science Degree from OU, India.

### **Kiddie Academy of Vacaville:**

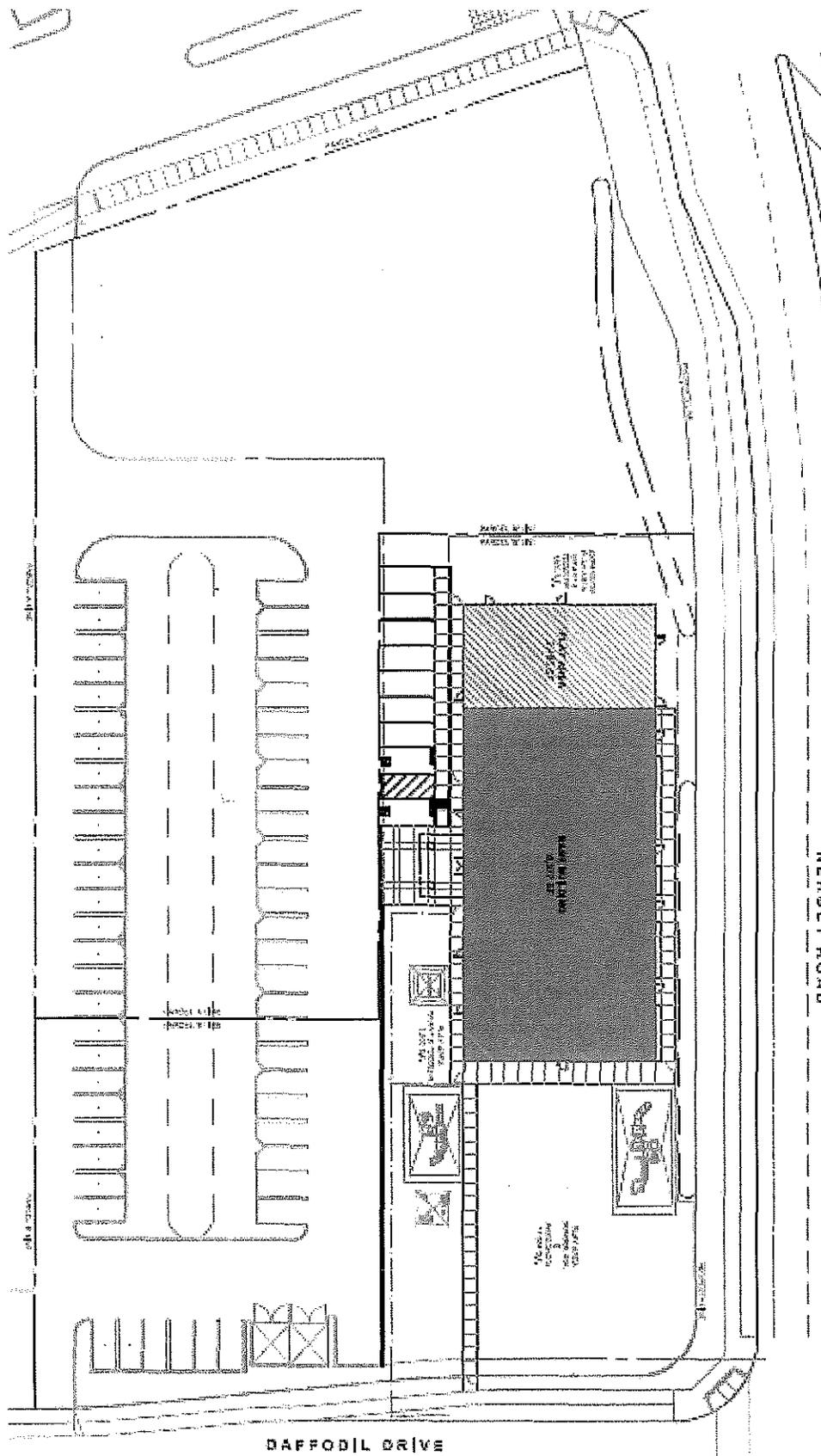
This 110 student capacity academy has been in operation since 2001 and has won numerous national awards over the years including “Franchise of the year”; “Best Curriculum”; “Best Customer Service”; “Best Director” and numerous “Platinum” awards for exceptional enrollment statistics. The child care facility has also been recognized as one of the top child care facilities in the publication “Best of Solano County” four years in a row. Testimonials from recent customers are in the Appendix on page 15 and photos of the facility are in the Appendix on page 16.

### **Kiddie Academy of Livermore:**

The owners are developing a brand new state-of-the-art 9,000 sf child care facility plus over a 12,100sf playground area in Livermore, CA that is expect to commence operations in the summer 2016. This facility is being built from the ground up and the building is currently under construction. Construction permits were obtained from the City of Livermore in September 2015. Photos of current construction and designed elevations are included in the Appendix on page 17.

# APPENDIX:

# Project Map and Boundary Lines



## ***Project Assumptions:***

Several assumptions have been made about the project and are detailed below. If any of these assumptions turn out to be incorrect, the development of the project may be impacted. Of course, we will work hard to ensure that these are discussed well in advance and will put in every effort to mitigate their impact. We will work with the city to find a reasonable resolution if any of these assumptions pose a concern.

1. City of Oakley is the owner of the land and completely retains the right to sell the property and development rights. We are relying on information provided by the City of Oakley that Seeker Development no longer has these rights. Further, it is our understanding that as part of this transaction, these rights will be completely transferred over to us and that the outcome of any disputes between the City of Oakley and Seeker Development will not affect our ability to purchase the land; complete the development of the child care facility and open up for business based on the timeline outlined in this document.
2. The City of Oakley anticipates no issues in assigning/transferring the CUP or redrawing any parcel maps to allow us to develop and operate a child care center.
3. A due diligence period will be allowed for us to confirm property conditions.
4. If/When the balance of the child care funds are recovered, they will be made available to us to draw it down as capital improvements are made. There's no time limit for this.
5. The city will not knowingly allow any child care facilities to be built on land currently owned by the city within a radius of 3 miles from Parcel 3.
6. No "Right-of-way" issues that may impede the development of the desired plan are anticipated on Parcel 3.

## Copy of Lender Commitment Letter:

Below is a letter confirming \$3MM in commitment to this project



9955 Mission Gorge Road • Santee, CA 92071-  
Tel: (619)956-2156 • Fax: (619)449-9072

A division of Pacific Western Bank

Date: October 7, 2015

Entity To Be Formed - Oakley Location (EPC) & My Pinocchio, Inc. & My PLK, LLC & Entity To Be Formed - Oakley Location (OC) as Co-Borrowers  
816 Bourne Court  
Danville, CA 94506-

Dear: Rishu Khare and Vijay Khare

CapitalSource, a division of Pacific Western Bank, ("Bank") is pleased to advise you that you have been approved for a loan conditioned upon and subject to the following terms and conditions:

**BORROWER:** The loan shall be made to Entity To Be Formed - Oakley Location (EPC) & My Pinocchio, Inc. & My PLK, LLC & Entity To Be Formed - Oakley Location (OC) as Co-Borrowers. At closing, you will provide evidence satisfactory to Bank that the ownership of each Borrower is 100% owned by: Rishu Khare, Vijay Khare. Borrower further agrees that any owner of 20% or more of an ownership interest in the borrower will provide an unconditional joint and several guaranty of the Loan even if not listed as "Guarantor" below.

**PERSONAL GUARANTORS:** Rishu Khare, Vijay Khare

**CORPORATE GUARANTORS:** N/A

**LOAN AMOUNT:** \$3,461,000

**LOAN PROCEEDS:** The purpose of the Loan shall be to provide financing for:

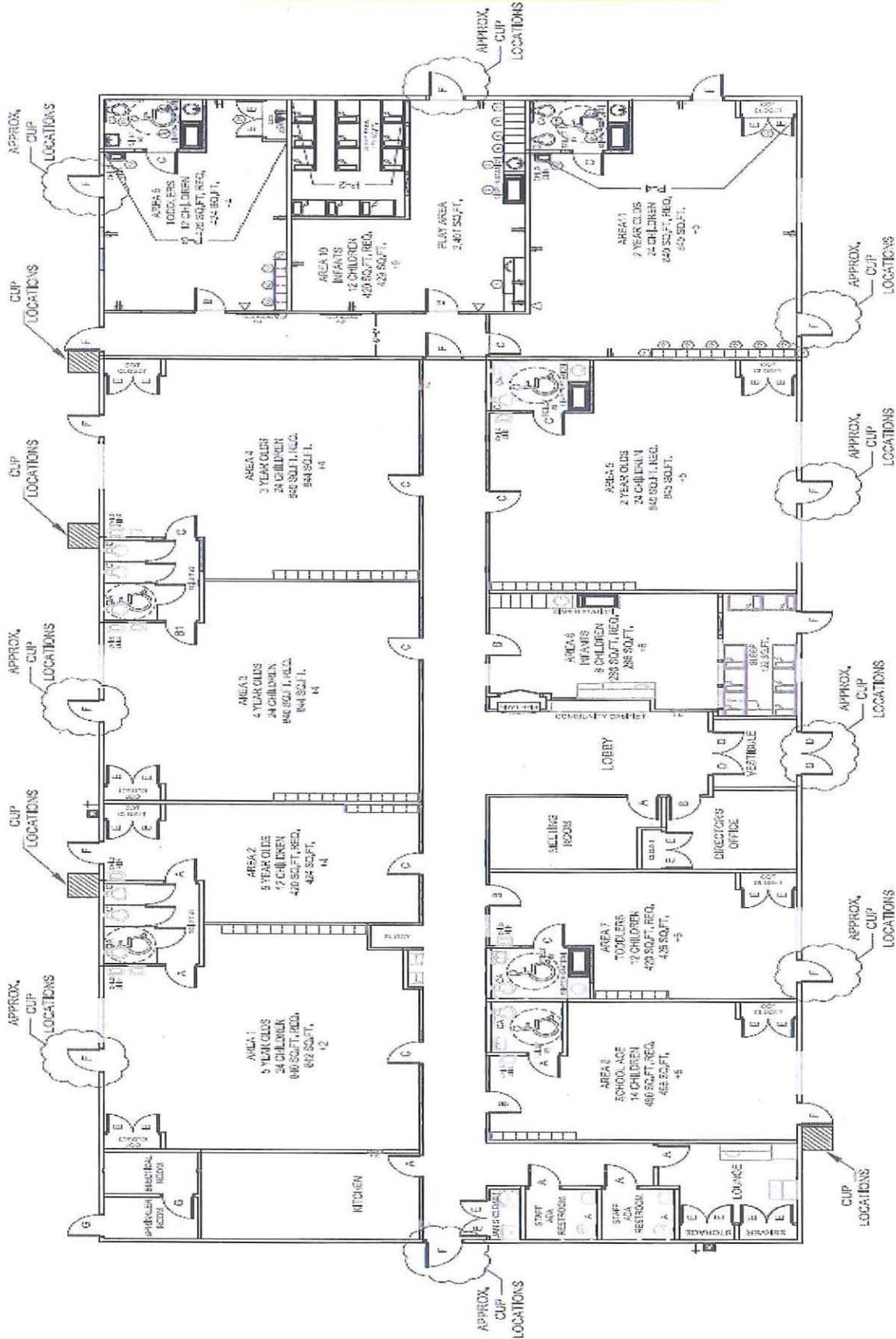
Purpose	Borrower Contribution	Seller / Other Contributions	Bank Loan	Project Total
Purchase Commercial Real Estate Construct a Building (7a)	\$ 161,000.00	\$ 0.00	\$ 127,000.00	\$ 288,000.00
Purchase Equipment (7a) – Oakley	\$ 0.00		\$ 2,000,000.00	\$ 2,000,000.00
Purchase Equipment (7a) – Livermore	\$ 0.00		\$ 230,000.00	\$ 230,000.00
Working Capital – Oakley	\$ 0.00	\$ 0.00	\$ 210,000.00	\$ 210,000.00
Closing Costs/Working Capital	\$ 10,000.00	\$ 0.00	\$ 123,000.00	\$ 123,000.00
All Other	\$ 0.00	\$ 0.00	\$ 116,000.00	\$ 126,000.00
Lease Deposit & Franchise Fee – Livermore	\$ 0.00	\$ 0.00	\$ 655,000.00	\$ 655,000.00
	\$ 280,000.00	\$ 0.00	\$ 0.00	\$ 280,000.00
Totals:	\$451,000.00	\$0.00	\$3,461,000.00	\$3,912,000.00

**LOAN TERM:** The loan shall fully amortize over a term of 26.5 years.

**INTEREST RATE:** Interest shall accrue at a floating rate equal to Wall Street Journal Prime plus 2.00 % (percent). The rate of interest shall be adjusted on the first day of each calendar month.

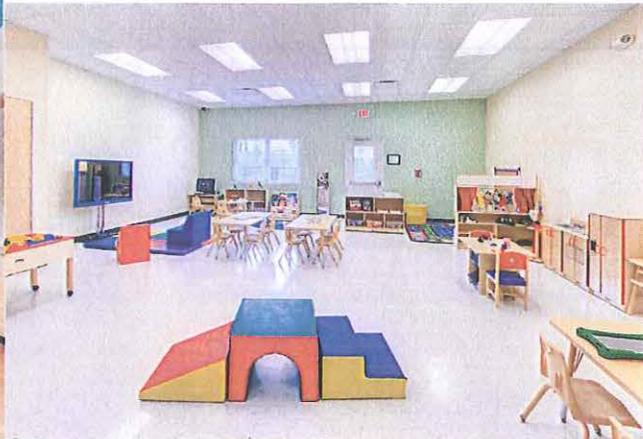
Tentative Classroom Layout for Kiddie Academy of Oakley:

Fully detailed classroom layout





*Photos of recently developed Kiddie Academy facilities:*



## ***Kiddie Academy of Vacaville – Parent Testimonials***

**Sep 14, 2015**

*The staff is just wonderful and caring. Ms Nicki is an amazing admin...My daughter does very well there and I appreciate all the love and care she receives...*

**Jun 01, 2015**

*Kiddie Academy did an amazing job preparing my daughter for Kindergarten...She started at KA at three years old and did not know all of her letters or numbers...Nearly 4 years later, she is a top reader in her class and is excelling in school...We owe that excellence to the amazing start she got at KA Vacaville.*

**May 02, 2015**

*The teachers at the Vacaville location are exceptional! My son loves going there and being around the kids and teachers.*

**May 01, 2015**

*Educational activities throughout the day...Love coming in to pick my child up and seeing the staff reading to the kids. Also love the free play...A perfect balance of structured activities and play.*

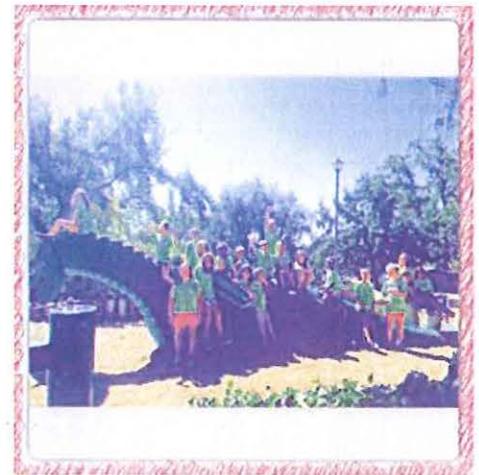
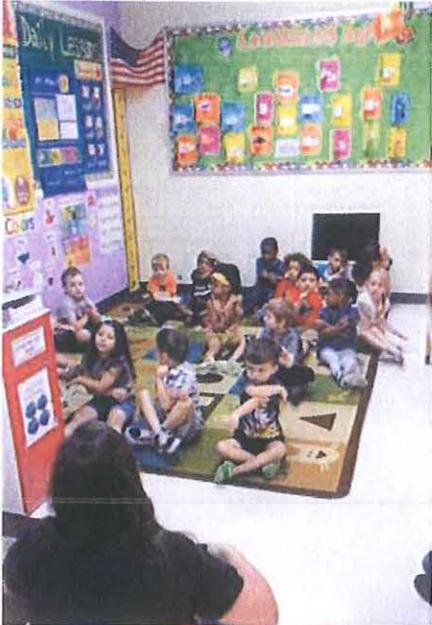
**Apr 10, 2015**

*I love that the staff is very consistent...The curriculum is well planned and my kids feel they have a safe place to grow and learn.*

**Apr 08, 2015**

*Everything! My son has been going here since he turned 3 and he is now 6.5 yrs old and I would recommend the Vacaville facility to any parent... I know he is in good hands and he's has learned a lot from Kiddie Academy, and I wouldn't take him anywhere else!*

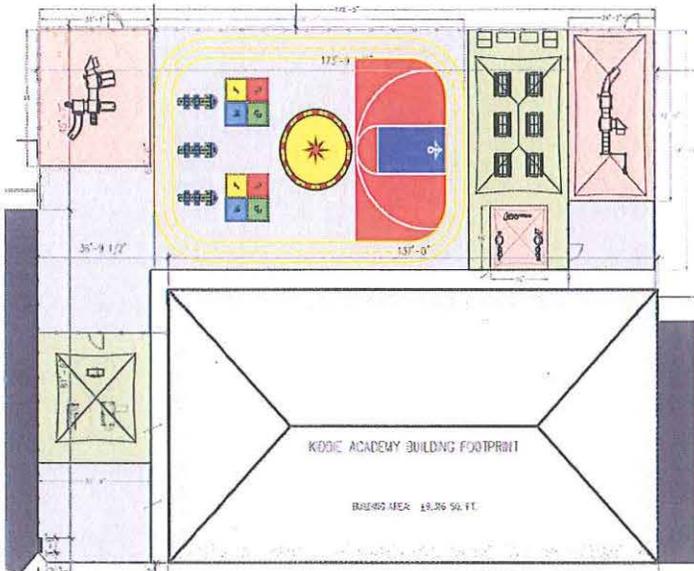
Kiddie Academy of Vacaville – Visuals



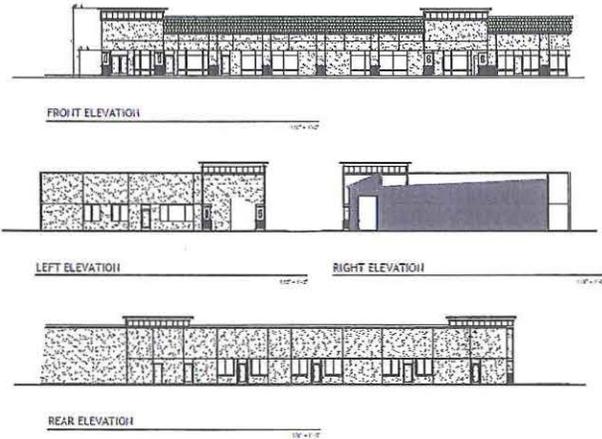
# Kiddie Academy of Livermore Visuals



Currently under construction



Playground Concept



Building Elevations

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ACCEPTING THE BID FROM CEMO COMMERCIAL TO PURCHASE A PORTION OF THE UNDEVELOPED REAL PROPERTY LOCATED AT 1420-1480 NEROLY ROAD, ALSO KNOWN AS PARCEL 3 WITHIN THE NEROLY COMMERCIAL CENTER (APN 034-040-017-5)**

**WHEREAS**, the City is the owner of the real property located at 1420-1480 Neroly Road, also known as Parcel 3 of the Neroly Commercial Center (APN 034-040-017-5 and hereinafter called "the Property"), and

**WHEREAS**, the City Council declared the property surplus and approved the publication of an Invitation to Bid so interested parties could competitively submit proposals to purchase and develop the property; and

**WHEREAS**, on October 15, 2015, the date and time for bids to be received, two bids were received from Vijay and Rishu Khare as well as Cemo Commercial; and

**WHEREAS**, Cemo Commercial has proposed to purchase the property to construct a child care facility as well as a medical/professional office building; and

**WHEREAS**, the City Council acknowledges a need for quality child care as well medical/professional office development of the Neroly Commercial Center; and

**WHEREAS**, after careful consideration, the City Council has determined the proposal from Cemo Commercial is in the best interests of the community.

**NOW, THEREFORE BE IT RESOLVED**, that by adoption of this Resolution, the Oakley City Council hereby accepts the bid from Cemo Commercial to purchase a portion of the undeveloped real property located at 1420-1480 Neroly Road, also known as Parcel 3 within the Neroly Commercial Center (APN 034-040-017-5).

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 27<sup>th</sup> of October, 2015 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTENTIONS:

**APPROVED:**

\_\_\_\_\_  
Doug Hardcastle, Mayor

**ATTEST:**

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date