



CITY COUNCIL AGENDA ITEM

TO: Mayor & City Council

DATE: August 2, 2013

FROM: John McDonough, City Manager

AGENDA ITEM: Approval for Contract to Purchase 6218 Roswell Road – Home-Grown Industries of Georgia, Inc., (former Mellow Mushroom)

MEETING DATE: For Submission onto the August 6, 2013, City Council Regular Meeting Agenda

BACKGROUND INFORMATION: (Attach additional pages if necessary)

See attached:

Memorandum
Contract

APPROVAL BY CITY MANAGER: JMM APPROVED

PLACED ON AGENDA FOR: 8/6/2013

CITY ATTORNEY APPROVAL REQUIRED: () YES () NO

CITY ATTORNEY APPROVAL: [Signature]

REMARKS:



MEMORANDUM

Date: July 31, 2013
To: Mayor and City Council for the City of Sandy Springs
From: Cecil G. McLendon, Jr.
Assistant City Attorney
Subject: Purchase of 6218 Roswell Road – Home-Grown Industries of Georgia, Inc., (former Mellow Mushroom)

Background:

The City has entered into a Purchase and Sale Agreement dated July 31, 2013, regarding the former Mellow Mushroom property located at 6218 Roswell Road, Sandy Springs, Georgia. The purchase price for the property is Four Hundred Thousand and 00/100 Dollars (\$400,000.00).

The City is commencing its due diligence in respect to this land acquisition. The Agreement provides for a forty-five (45) day inspection period during which the City can terminate the Agreement for any reason.

Notably, following the conclusion of the due diligence period, the Agreement calls for the Closing Date to be set at or before January 10, 2014. The delayed closing was negotiated based upon the Seller's desire to utilize the property for several events through the end of 2013.

At this time, staff is requesting ratification of the Agreement. In addition, should staff and legal be satisfied with the due diligence on the property, staff is requesting authorization to close the transaction consistent with the terms of the Agreement.

Attached hereto is a copy of the following documents:

1. Purchase and Sale Agreement, dated the 31st day of July, 2013;

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (hereinafter "Agreement") is made and entered into as of the Effective Date specified below, by and between **HOME-GROWN INDUSTRIES OF GEORGIA, INC.**, a Georgia corporation (hereinafter called "Seller"); and **CITY OF SANDY SPRINGS**, a municipal corporation organized and existing under the laws of the State of Georgia, (hereinafter called "Purchaser").

WITNESSETH:

1. Purchaser hereby agrees to purchase and take from Seller, subject to and in accordance with all of the terms and conditions of this Agreement, the following property:

That certain parcel of land known as 6218 Roswell Road, Sandy Springs, Georgia 30328, according to the current system of numbering in Sandy Springs, Fulton County, Georgia land lying and being in Land Lot 89, of the 17th District, of Fulton County and as more particularly described as set forth Exhibit A attached hereto, with the existing building, paving, fencing, and such other land improvements as are located thereon and owned by the Seller, including all lighting fixtures, all electrical, mechanical, plumbing, air conditioning, and any other systems or fixtures as are attached thereto (collectively, the "Improvements"), and all plants, trees and shrubbery now a part of the property (all such property referred to collectively herein as the "Property").

2. Purchase Price, Method of Payment. The purchase price for the Property, hereinafter called the "Purchase Price," shall be **FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$400,000.00)**. The Purchase Price, after crediting the Earnest Money, and subject to the prorations and adjustments hereinafter described, shall be paid by Purchaser to Seller on the Closing Date by wire transfer to an account designated by Seller, or other payment medium acceptable to Seller.

3. Earnest Money.

(a) Within five (5) days after the Effective Date, as defined herein below, Purchaser shall pay to **Andy Meyer, Meyer Closings, LLC** ("Escrow Agent") the sum of **FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00)** as the initial earnest money deposit. The initial earnest money deposit and any additional earnest money paid to the Escrow Agent by the Purchaser pursuant to this Agreement are herein called the "Earnest Money."

(b) If Closing should occur hereunder, Escrow Agent shall pay the Earnest Money to the closing agent and the Earnest Money shall be applied and credited in reduction of the Purchase Price.

(c) If Closing does not occur hereunder because: (1) Purchaser exercises any unexpired right or option under this Agreement to rescind, cancel or terminate this Agreement within the time provided herein, (2) Seller fails or is unable to deliver Seller's deed and other Deliveries to the Purchaser conveying the quality of title to the Property required by this Agreement, or (3) Seller defaults under this Agreement and fails to cure such default within the period allowed for cure, the Purchaser shall have the option to notify Escrow Agent, after the passage of any required notice period, to immediately refund the Earnest Money to Purchaser, less the sum of **TWENTY-FIVE AND NO/100 DOLLARS (\$25.00)**, which shall be paid to

Seller in consideration for this Agreement, whereupon this Agreement shall terminate and the parties to this Agreement shall have no further rights, duties or obligations to the others, except as otherwise specifically provided by this Agreement.

(d) Otherwise, the Earnest Money shall be deemed non-refundable and shall be paid to the Seller upon the termination of this Agreement or upon Closing. Until one of the preceding conditions should exist, the Earnest Money shall be held and disbursed by Escrow Agent strictly in accordance with the terms and provisions of **Section 6** of this Agreement.

4. Title.

(a) **Warranty of Title.** Seller warrants that, as of the Effective Date, Seller owns Good and Marketable Fee Simple Title to the Property. At Closing, Seller shall deliver to Purchaser Seller's limited warranty deed in proper form for recording conveying Good and Marketable Fee Simple Title to the Property to Purchaser. In the event the Seller should be unable to convey the Property at Closing to Purchaser with the quality of title required by this Section, Purchaser may either take such title as Seller can give without reduction of the Purchase Price, or Purchaser may terminate this Agreement, in which event this Agreement shall become null and void, Purchaser's Earnest Money shall be refunded (less the sum of TWENTY-FIVE AND NO/100 DOLLARS (\$25.00), which shall be paid to Seller in consideration for this Agreement), and, except as otherwise provided herein, neither Purchaser nor Seller shall have any further liability or obligations to the other hereunder except as otherwise specifically provided by this Agreement.

(b) **Good and Marketable Fee Simple Title / Existing Title Exceptions.** For all purposes of this Agreement, "Good and Marketable Fee Simple Title" shall mean such fee simple title as is insurable by a title insurance company selected by the Purchaser which is licensed to do business in Georgia under such title company's standard ALTA form of Georgia owner's policy of title insurance, at its standard rates subject only to the following, hereinafter called the "Permitted Exceptions": (i) the standard exclusions therein; (ii) ad valorem taxes and assessments assessed against the Property not due and payable on or before the Closing Date; (iii) matters caused by the actions of Purchaser; and (iv) Existing Title Exceptions waived or deemed to be waived by Purchaser pursuant to Section 4(f), below. "Existing Title Exceptions" means all zoning and land use laws, codes and regulations, liens, easements, encumbrances, leases and other restrictions of public record affecting Seller's Good and Marketable Fee Simple Title to the Property on the Effective Date, including matters of survey.

(c) **Title Objections.** Purchaser shall have twenty one (21) days following the Effective Date to conduct an examination of the condition of Seller's title to the Property (including matters of survey), and to deliver to the Seller written notice of any objections by the Purchaser to the condition of the Seller's title.

(d) **Cure Period.** Seller shall have until five (5) days from the date of Purchaser's initial notice of objections, if any ("Seller's Response Period"), in which to review such title objections, and, if Seller elects, to give Purchaser notice of any objections specified in such notice which Seller intends to attempt to cure. With the exception of any "Monetary Encumbrances," as defined herein, Seller shall have no obligation to take any action whatsoever to cure any objections by Purchaser to the condition of Seller's title which are Existing Title Exceptions. Any Existing Title Exceptions to which the Purchaser does not object within the 21-day period provided herein (other than Monetary Encumbrances) shall become Permitted Title Exceptions at the end of such 21-day period. Unless Seller notifies the Purchaser within Seller's

Response Period of any of Purchaser's objections which the Seller intends to attempt to cure, the Seller shall be deemed to have declined to cure any such objections. Seller shall have a reasonable time, but not more than thirty (30) days after the delivery of Purchaser's notice of title objections, to remove any of Purchaser's objections to Seller's title which the Seller has agreed to attempt to cure, provided that the Seller shall not be deemed to be in default of this Agreement, if the Seller fails or is unable to remove any such title objections.

(e) **Removal of Monetary Encumbrances.** Notwithstanding any other provision of this Agreement, the Seller shall be obligated to remove not later than Closing all security deeds, mortgages, tax liens, financing statements and other liquidated financial encumbrances of any kind affecting Seller's title to the Property incurred by, against or at the instance of the Seller and Seller's predecessors, whether or not such matters were included in any notice of objection by the Purchaser to Seller's title ("Monetary Encumbrances"). The closing attorney shall withhold and disburse from the Purchase Price a sufficient amount thereof to satisfy all such Monetary Encumbrances.

(f) **Purchaser's Termination Right.** If Seller: (1) fails to notify Purchaser within Seller's Response Period that it will attempt to cure an objection raised by Purchaser, or (2) if Seller notifies Purchaser within Seller's Response Period that it is unwilling to attempt to cure any of the Purchaser's valid objections to the condition of the Seller's title hereunder, or (3) if the Seller fails to remove all such objections, if any, which the Seller has agreed to attempt to cure within the time allowed herein, then at the option of the Purchaser, to be exercised by the Purchaser within ten (10) days after the expiration of Seller's Response Period or the expiration of Seller's thirty (30) day cure period, as the case may be, Purchaser may, in Purchaser's sole discretion: (1) waive all of Purchaser's unsatisfied objections (other than Monetary Encumbrances) and purchase the Property without reduction of the Purchase Price, in which case, all remaining Existing Title Exceptions other than Monetary Encumbrances shall become Permitted Exceptions; or (2) terminate this Agreement by written notice to the Seller, in which case the Escrow Agent shall promptly refund any Earnest Money paid (less the sum of TWENTY-FIVE AND NO/100 DOLLARS (\$25.00), which shall be paid to Seller in consideration for this Agreement) and, upon receipt of such refund, except as otherwise provided by this Agreement, neither Purchaser nor Seller shall have any further liability or obligations to the other.

(g) **Changes in Condition of Seller's Title after the Effective Date.** Seller agrees and covenants with the Purchaser that, from and after the Effective Date, Seller will not take any action or allow any condition to exist which will adversely affect the condition of the Seller's title on the Effective Date. However, notwithstanding **Subsection (f)** hereof, in the event that, after the county record date of the Purchaser's examination of title or title commitment and before Closing, Purchaser discovers any adverse change in the condition of Seller's title (other than Monetary Encumbrances) which did not first appear of record until after the Effective Date of this Agreement, Purchaser shall have the additional right to object to such new matters at any time prior to the Closing; and, in the event of such objections, Seller shall have thirty (30) days within which to cure all such objections. If Seller should fail to cure all such new objections within such 30-day period, Purchaser shall have the right to elect within 10 days following the end of such 30-day period between the actions described in **Subsection (f)** hereof. If the Purchaser elects to Close notwithstanding such objections, there shall be no reduction of the Purchase Price and all title restrictions of record on the date of Closing (other than Monetary Encumbrances) shall become Permitted Exceptions.

(h) **Failure to Deliver Written Election.** If the Purchaser should fail to make a timely election by delivery of written notice to the Seller between the waiver and termination alternatives of **Subsections (f) and (g)** hereof, Purchaser shall be conclusively deemed to have elected the waiver alternative.

5. **Purchaser's Inspection and Other Due Diligence.**

(a) **Access and Inspection.** From the date of the execution of this Agreement until the Closing Date, Seller hereby grants Purchaser the right to enter upon the Property at reasonable times after reasonable prior notice to the Seller, and at the Purchaser's sole risk, for the purpose of conducting such appraisals, traffic studies, wetlands studies, environmental and soils tests and reports, engineering and any other inspections and investigations contemplated by this Agreement. Notwithstanding the foregoing, without the Seller's express consent, representatives of the Purchaser shall not enter the interior of the buildings located upon the Property, or any fenced and gated areas without a representative of the Seller being present.

(b) **Seller Due Diligence Deliveries.** Seller shall deliver to the Purchaser within five (5) business days after the Effective Date complete and accurate copies of any surveys, inspections, leases, environmental test and reports, or other documents in Seller's possession evidencing any encumbrances existing on the Property.

(c) **Purchaser's Right to Terminate.** In the event that Purchaser's inspection and investigation of the Property results in a determination by the Purchaser that the Property is unsatisfactory for Purchaser's intended uses or is otherwise unsuitable or unacceptable in any respect, the Purchaser may terminate this Agreement by delivery to the Seller (with copy to the Escrow Agent) of written notice of termination on or before close of business (5:00 p.m. local time) on the final day of the Free Look Period. As used herein, the "Free Look Period" means the period beginning on the Effective Date and ending on the earlier of: (1) the date the Purchaser delivers written notice to the Seller that the Purchaser waives all rights to terminate this Agreement pursuant to (i) this Subsection, or (ii) the Environmental Condition set for the in Section 26 below or (2) the date that is forty five (45) days after the Effective Date. Upon receipt of a timely notice of termination, the Escrow Agent shall promptly refund all Earnest Money paid (less the sum of TWENTY-FIVE AND NO/100 DOLLARS (\$25.00), which shall be paid to Seller in consideration for this Agreement), and, upon receipt of such refund, except as otherwise provided by this Agreement, neither Purchaser nor Seller shall have any further liability or obligations to the other. If the Purchaser does not deliver such written notice of termination on or before such date, Purchaser shall be deemed to have waived its right to terminate this Agreement pursuant to this **Section 5.**, and such right shall expire, become null and void and shall have no further force or effect. Except in the case of an express written waiver, nothing herein shall be deemed, however, to result in a waiver of any other express right or option of the Purchaser to terminate this Agreement, including the Purchaser's right to terminate under Section 4. (Title), or the Environmental Condition, which shall be conditions separate from the Purchaser's termination right hereunder.

(d) **Inspections at Purchaser's Risk and Expense.** All inspections and testing of the Property by Purchaser and its agents shall be performed at the sole cost and risk of the Purchaser. All information provided to the Purchaser by the Seller, or any person or entity acting on Seller's behalf, is without warranty of any kind and shall be used by Purchaser, if at all, in Purchaser's sole discretion and at Purchaser's sole risk. If this Agreement is terminated, Purchaser shall promptly return to Seller all information that exists in any form or media regarding the Property provided by or on behalf of Seller, together with copies, at no cost to Seller, of all title, surveys,

engineering, traffic, environmental, soils and other reports and studies obtained by Purchaser through its investigation of the Property.

(e) Insurance for Inspections. Prior to conducting any on-site inspection of the Property, other than mere visual examination, Purchaser and each contractor and/or consultant participating in such inspection shall obtain, and during the period of such access, inspection or testing shall maintain at Purchaser's expense commercial general liability insurance and personal injury liability coverage which insurance policies must have limits for property damage, bodily injury and death of not less than One Million Dollars (\$1,000,000.00) for any one occurrence.

(f) Invasive Testing. Seller authorizes Purchaser to conduct Phase II testing on the Property as determined appropriate by the Purchaser subject to the terms of Inspections set forth in this Agreement.

(g) Purchaser shall promptly pay when due the costs of all tests, investigations, and examinations done with regard to the Property, shall not permit any liens to be filed against the Property by reason of the exercise of its rights hereunder, and shall fully restore the Property to the condition in which the same was found before any such inspection or tests were undertaken. Notwithstanding any provision of this Agreement, no termination of this Agreement shall terminate Purchaser's obligations pursuant to this Section 5.(g), which obligations shall survive any termination or expiration of this Agreement (notwithstanding anything to the contrary contained in any other provision of this Agreement..

6. Escrow Instructions.

(a) Handling of Earnest Money. Escrow Agent shall promptly advise Seller and Purchaser if the Earnest Money is not received by Escrow Agent in a timely fashion. Escrow Agent shall promptly deposit and hold the Earnest Money in the federally insured account at the banking institution where the Escrow Agent maintains the other funds it holds in escrow for its clients and others ("Escrow Account"). Escrow Agent may commingle the Earnest Money with funds of other clients in the Escrow Account and shall retain the interest earned on the Earnest Money to compensate the Escrow Agent for performing its obligations hereunder. Escrow Agent shall not be accountable for any direct or indirect incidental benefit which Escrow Agent may receive from the depository bank which is attributable to the Earnest Money.

(b) Disbursement of Funds. At such time as Escrow Agent receives written notice from Seller or Purchaser, or both, stating the identity of the party to whom the Earnest Money is to be disbursed, Escrow Agent shall disburse such Earnest Money pursuant to such notice; provided, however, that if such notice is given by either Seller or Purchaser but not both, and the person to whom the Earnest Money is to be disbursed is other than the closing attorney, Escrow Agent shall notify the other party in writing of such notice and shall withhold disbursement of the Earnest Money for a period of five (5) calendar days after giving such notice. If the Escrow Agent receives written notice from either Seller or Purchaser within such five (5) day period, which notice countermands or objects to the earlier notice of disbursement, then Escrow Agent shall withhold such disbursement until both Seller and Purchaser can agree upon a disbursement of the Earnest Money. Notwithstanding the foregoing, if Purchaser notifies Escrow Agent on or before the expiration of the Free Look Period of its election to terminate this Agreement pursuant to **Section 5** then no confirming notice from Seller shall be required by Escrow Agent, and Escrow Agent shall promptly disburse the Earnest Money as provided in **Section 5**. without requesting or waiting for confirming notice from Seller. Seller and Purchaser agree to send to

the other a duplicate copy of any written notice sent to Escrow Agent requesting disbursement or countermanding or objecting to a request for disbursement.

(c) **Limited Liability.** In performing any of its duties hereunder, Escrow Agent shall not incur any liability to anyone for any damages, losses or expenses, except for any negligence, willful misconduct or breach of trust by Escrow Agent under this Agreement, and, accordingly, Escrow Agent shall not incur any such liability with respect to the following: (1) any action taken or omitted in good faith upon advice of its legal counsel given with respect to any questions relating to the duties and responsibilities of Escrow Agent under this Agreement; or (2) any action taken or omitted in reliance on any instrument, including any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a person or persons having authority to sign or present such instrument, and to conform with the provisions of this Agreement.

(d) **Disputes / Interpleader.** Notwithstanding anything in this Agreement to the contrary, upon a dispute between Seller and Purchaser sufficient in the sole discretion of Escrow Agent to justify its doing so, or if Escrow Agent has not disbursed the Earnest Money on or before the thirtieth (30th) day following the Closing Date specified in **Section 7**, then Escrow Agent shall be entitled, but not required, to tender the Earnest Money into the registry or custody of any court of competent jurisdiction, together with such pleadings as it may deem appropriate, and thereupon be discharged from all further duties and liabilities under this Agreement (other than with respect to any liabilities for negligence, willful misconduct or breach of trust by Escrow Agent). The Escrow Agent may reimburse itself from the Earnest Money for a reasonable attorney's fee and other reasonable costs of filing any such interpleader action. The Escrow Agent may also, in its discretion, elect to refrain for any period from initiating any such interpleader action, and may in lieu thereof, continue to hold the Earnest Money in escrow subject to the terms and conditions of this Section pending a resolution of all disputes between the parties.

7. **Closing.** The term "Closing," as used herein, means the consummation of the purchase and sale of the Property pursuant to this Agreement. The Closing shall include, *inter alia*, the delivery and acceptance of the Purchase Price by the Seller and the execution and delivery by the Purchaser and Seller as applicable of the Closing Documents and other Deliveries described herein.

(a) **Closing Date.** The term "Closing Date," as used herein, means the date on which the Closing is consummated. The Closing shall take place on or before January 10, 2014 at a time and on a date specified by the Purchaser after at least five (5) business days prior written notice to the Seller (or if no such notice has been received, on January 10, 2014 at 1:00 p.m. local time) (the "Closing Date") at City Hall, 7840 Roswell Road, Sandy Springs, Georgia 30350; or at the law offices of the closing attorney, as elected by Purchaser.

(b) **Closing Documents.** On the Closing Date:

(1) **Seller Deliveries.** Seller shall deliver to Purchaser the following documents and instruments, all in a standard form and substance reasonably satisfactory to legal counsel for the Purchaser and Seller, duly executed by or on behalf of Seller (where applicable under oath or in proper legal form for recording): (i) a limited warranty deed conveying Seller's Good and Marketable Fee Simple Title to the Property to the Purchaser, subject only to

Permitted Exceptions; (ii) any curative documents which the Seller may agree to furnish in connection with the Closing pursuant to **Section 4.** hereof; (iii) a Sellers' affidavit of ownership with respect to the Property, in form and substance reasonably acceptable to, Purchaser qualified to the knowledge of Seller, and providing that nothing contained therein shall in any way enlarge or otherwise modify the limited warranty of title given in the deed of conveyance at Closing; and (iv) such tax certifications, affidavits of authority and residency, affidavits concerning the participation of brokers, a waiver of lien by the listing broker, and other customary closing documents as reasonably requested by the Purchaser, Purchaser's title insurance company or the closing attorney.

(2) **Purchaser Deliveries.** Purchaser shall pay the Purchase Price to Seller in accordance with the provisions of this Agreement, and shall also execute and deliver affidavits concerning the participation of brokers, a waiver of lien from Purchaser's broker and other customary closing documents as reasonably requested by the Purchaser, Purchaser's title insurance company or the closing attorney.

(3) **Closing Memorandum.** Purchaser and Seller shall execute and deliver a settlement statement, HUD-1 Form or closing memorandum disclosing the prorations, adjustments, funds paid and received by and to all parties at the Closing in reasonable detail, together with such other information concerning the Closing as the closing attorney should reasonably consider necessary and proper to properly and accurately document the Closing.

(c) **Prorations and Adjustments to Purchase Price.** The following prorations and adjustments shall be made between Purchaser and Seller at Closing, or thereafter if Purchaser and Seller shall agree:

(1) All city, state and county ad valorem taxes and similar impositions levied or imposed upon or assessed against the Property, hereinafter called the "Taxes", for the year in which Closing occurs shall be prorated as of the Closing Date. If the tax bills for 2013 are not available prior to the Closing Date, then all such Taxes shall be prorated as of the Closing Date based upon the tax bills for 2012, and the Purchaser shall be responsible to pay or reimburse the Seller for all 2013 Taxes in excess of the Seller's share based on such proration. In the event any of the Taxes are due and payable at the time of Closing, the same shall be paid at Closing. If the Taxes are not paid at Closing, Seller shall deliver to Purchaser the bills for the Taxes promptly upon the receipt thereof and Purchaser shall thereupon be responsible for the payment in full of the Taxes within the time fixed for payment thereof and before the same shall become delinquent. The Seller shall have the exclusive right and option to continue to prosecute any tax appeal pending on the Closing Date for any year before the year of Closing, shall be solely responsible for any additional Taxes for such prior year, and shall be entitled to any refund or rebate for any such year. Purchaser shall have the sole right and responsibility to prosecute any appeal for taxes for the year of Closing.

(2) Any other items which are customarily prorated in connection with the purchase and sale of properties similar to the Property shall be prorated as of the Closing Date. All such prorations and adjustments to be made in conjunction with the Closing shall be made as of the Closing Date and shall be effective at Closing, except as otherwise provided and as further specified herein.

(d) **Costs of Closing. At Closing:**

(1) the Seller shall pay: (i) the State of Georgia Real Estate Transfer Tax payable on the recording of the Seller's deed, (ii) the fees of the Seller's attorney and any other advisors, (iii) the cost of satisfying all Monetary Encumbrances and removing the same from the public records, (iv) the cost of preparing and filing any curative documents which the Seller may agree to deliver pursuant to **Section 4** hereof, and (v) any other costs which the Seller may expressly agree to pay pursuant to this Agreement, but no other charges;

(2) The Purchaser shall pay: (i) all recording costs not payable by the Seller, (ii) all costs of Purchaser's title examination, title commitment and any updates and Purchaser's title premiums, (iii) all costs of Purchaser's surveys, appraisals, soils and environmental testing, wetlands investigations and other due diligence costs incurred in connection with the Purchaser's due diligence investigation of the Property; (iv) any fees and costs of applying for and closing any loan which the Purchaser may elect to seek; (v) the fees of Purchaser's attorney and other advisors, and (vi) any other costs and expenses of the transaction which are not the obligation of any other person hereunder.

8. Warranties and Representations of the Seller / Limitations and Merger. Seller represents, warrants and covenants that, to the best of Seller's present knowledge, information and belief:

(a) Seller is corporation duly authorized and existing under the laws of the State of Georgia. Seller has the right, power, authority, discretion and capacity to sell the Property in accordance with the terms, provisions and conditions of this Agreement. The individuals who have executed this Agreement on behalf of the Seller in their representative capacities are duly constituted, appointed or elected and authorized to do so; any consent required by the Seller's members or shareholders to make such action effective has been obtained,

(b) There are no lawsuits pending or threatened against or involving Seller or the Property which affect Seller's title;

(c) Seller has not received any notice of pending or threatened claims, condemnations, planned public improvements, annexation, special assessments, rezoning or other adverse claims affecting the Property other than from the Purchaser.

(d) On the Closing Date, Seller will not be indebted to any contractor, laborer, mechanic, materialman, architect or engineer for work, labor or services performed or rendered, or for materials supplied or furnished, in connection with the Property for which any such person could claim a lien against the Property; and

(e) Seller will pay or cause to be paid promptly when due all city, state and county ad valorem taxes and similar taxes and assessments, all sewer and water charges and all other governmental charges levied or imposed upon or assessed against the Property between the Effective Date and the Closing Date.

(f) From the Effective Date until the Closing Date, Seller shall not use, store or dispose of any Hazardous Substances on the Property in any manner which is in violation of any Hazardous Substance Laws. For purposes hereof, "Hazardous Substances" means any hazardous, toxic or dangerous waste, substance or material, pollutant or contaminant, as defined for purposes of the Comprehensive Environmental Response, Compensation and Liability Act Of

1980 (42 U.S.C. Sections 9601 *et seq.*), as amended (“CERCLA”), or the Resource Conservation and Recovery Act (42 U.S.C. Sections 6901 *et seq.*), as amended, the Federal Water Pollution Control Act, the Federal Environmental Pesticides Act, the Clean Water Act, the Clean Air Act, any federal, state or local so-called “Superfund” or “Superlien” statute, or any other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Substances, or any other federal, state or local law, ordinance, rule or regulation applicable to the Property, or any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, or any substance which contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (pcbs), radon gas, urea formaldehyde, asbestos, lead or electromagnetic waves (collectively, the “Hazardous Substance Laws”).

9. Purchaser’s Representations and Warranties:

(a) The Purchaser is municipal corporation duly authorized and existing under the laws of the State of Georgia. Subject to the conditions specified herein below, Purchaser has the right, power, authority, discretion and capacity to sell the Property in accordance with the terms, provisions and conditions of this Agreement. The individual who has executed this Agreement on behalf of the Seller in his representative capacities is duly constituted, appointed or elected and authorized to do so.

(b) Seller acknowledges that the Purchaser’s obligation to close the purchase and sale of the Property hereunder is subject to and conditioned upon the City Council of Sandy Springs, Georgia’s approval of this Agreement; provided, however: (1) Purchaser shall present this Agreement for approval and make its determination prior to the expiration of the Free Look Period or this condition shall be deemed satisfied and waived, and (2) nothing herein shall be deemed to affect Purchaser’s insurance, indemnity and other obligations under **Section 5**.

11. Default and Remedies.

(a) If the purchase and sale of the Property contemplated hereby does not close in accordance with the terms and conditions of this Agreement as the result of actions, failures or circumstances which constitute a breach or default by Purchaser of Purchaser’s obligations under this Agreement, and if the Purchaser fails or refuses to cure such default within ten (10) days after delivery of notice thereof from Seller describing the default and, if any action is possible to cure the same, describing such action, Seller shall retain the Earnest Money as bargained for liquidated damages incurred by the Seller arising from the Purchaser’s failure to close, and not a penalty.

(b) If the purchase and sale of the Property contemplated hereby does not close in accordance with the terms and conditions of this Agreement as the result of actions, failures or circumstances which constitute a breach or default by Seller of Seller’s obligations under this Agreement, and if the Seller fails or refuses to cure such default within ten (10) days after delivery of notice thereof from Purchaser describing the default and, if any action is possible to cure the same, describing such action, Purchaser shall elect as its sole and exclusive remedy either: (1) to terminate this Agreement by delivery of written notice of termination to the Seller, in which case the Earnest Money shall be promptly refunded to Purchaser; or (2) in the alternative, the Purchaser shall have the right to sue Seller for specific performance of this Agreement, and, if Seller should receive an order for specific performance, Purchaser shall also be entitled to receive a monetary award of damages not in excess of Purchaser’s actual and reasonable attorney’s fees and costs of the litigation. The inability of Seller to convey the

Property to the Purchaser on the Closing Date with the quality of title required by this Agreement shall not constitute a default by Seller under this Agreement unless the title restriction causing such inability arises after the Effective Date by reason of a willful action of the Seller in violation of this Agreement or the failure to take an action required by this Agreement which Seller could have taken.

12. Damage or Destruction Before Closing.

(a) Seller shall continue to maintain its current property and casualty and general liability insurance coverages in effect through the later of the Closing Date or the date Seller tenders possession of the Property to the Purchaser.

(b) In the event a fire, storm or other casualty after the Effective Date affecting the Improvements at the Premises up to the Closing Date should cause more than \$100,000.00 in damages, Seller shall provide prompt notice of such loss to the Purchaser and the Purchaser may, in Purchaser's sole and complete discretion, terminate this Agreement by delivery of written notice of termination to the Seller within ten (10) days after the date of such notice of loss. In the event that the Purchaser terminates this Agreement as permitted herein, Purchaser shall receive a prompt refund of all Earnest Money paid, and neither party shall have any further obligations or liability hereunder, with the exception of any liability or obligations which by the terms of this Agreement expressly survive such termination. If the Purchaser does not terminate this Agreement before the end of such 10-day period, the Purchaser's termination right arising by reason of such casualty shall expire and this Agreement shall continue in effect. In the event this Agreement continues in effect, the Seller shall use available insurance proceeds to protect the Property from further loss and to address any unsafe conditions resulting from the damage. At Closing the Purchase Price shall not be reduced, but the Purchaser shall receive a credit for insurance proceeds received by the Seller which exceed the costs incurred by Seller in addressing any unsafe conditions resulting from the damage, and the Seller shall assign to the Purchaser the right to receive any uncollected insurance proceeds payable with respect to such loss. In addition, at Closing the Purchaser shall accept all Seller's remaining claims for damage to the Property arising with respect to the casualty loss and the right collect additional proceeds from any insurance company or other party which may be liable for such loss, and Purchaser shall have the sole right and option to prosecute and pursue all such claims at Purchaser's cost and to retain any sums recovered.

13. Condemnation.

(a) If all or any material part of the Property is taken by eminent domain proceedings by any government agency other than the Purchaser or any agency or instrumentality thereof, or, if there is the commencement or bona fide threat of the commencement of any such proceedings by any such agency prior to Closing, Purchaser shall have the right, at its option, to terminate this Agreement by giving written notice to Seller on or before the date ten (10) days after the date upon which Seller gives Purchaser written notice of such taking or threat thereof, in which event the Purchaser's Earnest Money shall be refunded to the Purchaser and, with the exception of any rights and obligations which expressly survive the termination of this Agreement by any other terms thereof, all rights and obligations of the parties under this Agreement shall expire, and this Agreement shall become null and void. Any condemnation action instituted or threatened by the Purchaser or any agency or instrumentality thereof prior to Closing shall have no effect on this Agreement.

(b) In the event of a threat or taking of less than a material part of the Property by any such governmental agency other than the Purchaser or any agency or instrumentality thereof prior to Closing, Purchaser shall have no right to terminate this Agreement by reason of such taking. Instead,

if less than a material part of the Property part of the Property is threatened or taken by any such eminent domain proceedings prior to Closing, and if the purchase and sale of the Property contemplated by this Agreement is thereafter consummated: (1) Purchaser shall receive a credit for the total of any awards or other proceeds actually received by Seller with respect to any taking less the amounts expended by Seller prior to Closing to obtain the award and paid for the repair or restoration of the Property; and (2) at Closing, Seller shall assign to Purchaser all rights of Seller in and to any awards or other proceeds payable thereafter by reason of such taking or threat thereof. For the purposes of this **Subsection (b)**, a taking shall be deemed to be of a "material" part of the Project only if such taking involves either: (1) the taking of more than twenty (20%) of the parking spaces on the Property; or (2) the taking of more than ten percent (10%) of the interior space in the Improvements.

(c) In the event that all or any part of the Property is taken by eminent domain proceedings by the Purchaser or any agency or instrumentality thereof, such taking shall not affect this Agreement or the amount of the Purchase Price hereunder, and the Purchase Price shall be paid to the Seller and the Closing shall occur contemporaneously with such taking of all or part of the Property.

14. Assignment. This Agreement may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller.

15. Binding Effect. This Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, Purchaser and Seller and their respective legal representatives, successors and permitted assigns.

16. Brokerage Commission; Disclosure.

Seller and Buyer hereby represents and warrants to the other that they have not dealt with any real estate Broker, agent or salesperson so as to create any legal right or claim in any such Broker, agent or salesperson for a commission or similar fee or compensation with respect to the negotiation and/or consummation of this Contract. If any party hereto is not represented by a Broker, that party acknowledges full responsibility for protecting its own interests.

17. Modification. This Agreement supersedes all prior discussions and agreements between Seller and Purchaser with respect to the purchase and sale of the Property and other matters contained herein, and this Agreement contains the sole and entire understanding between Seller and Purchaser with respect thereto. This Agreement shall not be modified or amended except by an instrument in writing signed by or on behalf of Seller and Purchaser.

18. Applicable Law. This Agreement shall be governed by, construed under and interpreted and enforced in accordance with the laws of the State of Georgia.

19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

20. Time. Time is and shall be of the essence of this Agreement.

21. Captions. The captions and headings used in this Agreement are for convenience only and do not in any way restrict, modify or amplify the terms of this Agreement.

22. Exhibits. Each and every Exhibit referred to or otherwise mentioned in this Agreement is attached to this Agreement and is and shall be construed to be made a part of this Agreement by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each Exhibit were set forth in full and at length every time it is referred to or otherwise mentioned.

23. Notices. All notices, requests, demands, tenders and other communications hereunder shall be in writing. Any such notice, request, demand, tender or other communications shall be deemed to have been duly given if personally delivered or on the third business day after being deposited in the United States Mail, Certified Mail, Return Receipt Requested, with all postage prepaid, to the address for each party set forth below its execution hereof. Any party, by written notice to the others in the manner herein provided, may designate an address different from that set forth herein.

Seller: Home Grown Industries of Georgia, Inc.
150 Great Southwest Parkway
Atlanta, Georgia 30336
Attention: Jeff Wiggins

With a copy to: Larry M. Gold, Esq.
Carlton Fields, PA
1201 W. Peachtree Street, Suite 3000
Atlanta, Georgia 30309

Purchaser: City of Sandy Springs, Georgia
Attn: John McDonough, City Manager
7840 Roswell Road
Sandy Springs, Georgia 30350

With a copy to: Wendell K. Willard and Cecil G. McLendon, Jr.
City of Sandy Springs, Georgia
7840 Roswell Road
Sandy Springs, Georgia 30350-

Escrow Agent: Andy Meyer
Meyer Closings, LLC
One Premier Plaza
5605 Glenridge Drive
Suite 800
Atlanta, Georgia 30342

24. Survival. Except as otherwise specified in this Agreement, all conditions or stipulations shall merge with the closing herein.

25. Miscellaneous. If the final date for any period provided for herein for the performance of any obligation or for the taking of any action falls on Saturday, Sunday, or banking holiday, then the time of the period shall be deemed extended to the next day which is not a Saturday, Sunday, or banking holiday.

26. Special Stipulations. The following Special Stipulations, if conflicting or inconsistent with any of the preceding portions of this Agreement, or any exhibit, addendum attached hereto, shall control the rights and obligations of the parties and the interpretation of this Agreement:

(a) Environmental Condition. Seller acknowledges that Purchaser's obligation to close the purchase the Property shall be conditioned upon the receipt of a Phase I and, if recommended by the Purchaser's environmental engineer or consultant, a Phase II environmental assessment of the Property with the scope and specific tests recommended by the Purchaser's environmental engineer or consultant. All such environmental testing shall be at the Purchaser's sole cost and risk. Purchaser shall order any applicable Phase II testing before the end of the Free Look Period. In the event, (and only in the event) that; (1) any Phase II testing has been ordered within the time provided herein, but the report with the results of such tests has not been completed and received by the Purchaser before the end of the Free Look Period, and (2) if the results of such Phase II testing reveal contamination of the improvements, soil or groundwater of the Property at levels which render the Property ineligible for qualification under the Georgia Hazardous Site Reuse and Redevelopment Act, the Purchaser may terminate this Agreement by delivery of written notice of termination to the Seller within ten (10) days after the delivery of the such Phase II environmental report to the Purchaser, but not later than forty five (45) days following the Effective Date in any event, in which case this Agreement shall terminate, the Escrow Agent shall refund the Earnest Money to Purchaser (less \$25 to be paid to the Seller for entering into this Agreement), and neither party shall have any further obligation or liability to the other, except as otherwise specifically provided by this Agreement. If the Purchaser has not delivered Purchaser's notice of termination to the Seller within the time provided herein, the Purchaser's right to terminate the Agreement pursuant to this **Subsection (a)** of this Stipulation shall expire within ten (10) days after the delivery of the Phase II environmental report to the Purchaser, but not later than forty five (45) days following the Effective Date.

(b) Purchaser shall not be required to notify Seller of the results of Purchaser's environmental sampling unless and until Purchaser receives a specific written request therefor from Seller's legal counsel and not otherwise.

(c) Whether or not Purchaser elects to purchase the Property under the terms of this Agreement or, failing to purchase the Property under this Agreement, Purchaser elects to acquire the Property through the power of eminent domain, nothing resulting from Purchaser's environmental testing, either Phase I or Phase II, shall in any way affect the purchase price for the Property under this Agreement nor shall such results be used by Purchaser as a claim for reduction of the value of the Property for purposes of eminent domain.

27. Time for Acceptance. This Agreement shall be regarded as an offer made by the Seller to the Purchaser on July ____, 2013 and is open for acceptance by the Purchaser on or before 5:00 p.m. Eastern Daylight Savings Time on July ____, 2013 (the "Acceptance Date"). The only manner of acceptance binding upon the Seller shall be the execution of this Agreement by the Purchaser and receipt by the Seller of one fully executed copy not later than 5:00 p.m. on the Acceptance Date. The actual date of the receipt by the Seller of a fully executed copy of this Agreement is sometimes referred to herein as the "Effective Date." The Seller shall confirm the Effective Date by entering the date of receipt in the space provided below and returning one copy to the Purchaser.

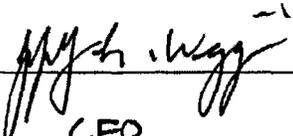
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SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed and sealed by their duly authorized representatives on the dates written below.

SELLER:

**HOME-GROWN INDUSTRIES OF GEORGIA,
INC., a Georgia corporation**

By:  (L.S.)
Its: CFO

Seller confirms that the Effective Date of this Agreement is July 31, 2013. _____
Initial here

**[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.
SIGNATURES CONTINUE ON THE FOLLOWING PAGE.]**

PURCHASER'S ACCEPTANCE:

THE CITY OF SANDY SPRINGS, GEORGIA,
a municipal corporation of the State of Georgia

Acceptance Date: July 30, 2013,

By: John McDonough
John McDonough
Its: City Manager

[CORPORATE SEAL]

**[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.
SIGNATURES CONTINUE ON THE FOLLOWING PAGE.]**

ESCROW AGENT:

MEYER CLOSINGS, LLC

Date: July ____, 2013,

By: _____

Its: _____

EXHIBIT "A"
LEGAL DESCRIPTION

After recording, return to:
Paul C. Curtis, Esq.
Curtl & Kidd, PA
3883 Rogers Bridge Rd., #100
Duluth, GA 30097
File No. R12-103

LIMITED WARRANTY DEED

STATE OF GEORGIA

GWINNETT COUNTY

THIS INDENTURE, made the 2nd day of November, 2012, between

THE LUNSFORD COMPANY, a Georgia corporation

, hereinafter called Grantor/s, and

HOME-GROWN INDUSTRIES OF GEORGIA, INC., a Georgia corporation

, hereinafter called Grantee/s,

(the words "Grantor/s" and "Grantee/s" to include their respective heirs, successors and assigns where the context requires or permits).

WITNESSETH, that Grantor/s, for and in consideration of the sum of ten dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, has granted, sold, transferred and conveyed, and by these presents does/do grant, sell transfer and convey unto Grantee/s,

ALL THAT TRACT or parcel of land lying and being in Land Lot 89 of the 17th District, City of Sandy Springs, Fulton County, Georgia, and being 0.22772 acres as shown on a plat of survey for Home-Grown Industries of Georgia, Inc., dated October 15, 2012, by Turner and Associates Land Surveyors, P.C., Jason D. Turner, G.R.L.S. No. 2795, and being more particularly shown according to said survey as follows:

TO ARRIVE AT THE TRUE POINT OF BEGINNING commence at the intersection of the southwesterly right of way of Johnson Ferry Road (70' R/W) and the westerly right of way of Roswell Road (60' R/W); thence southerly along the westerly right of way of Roswell Road 74.62' to a point which is the **TRUE POINT OF BEGINNING**; thence continuing southerly along the westerly right of way of Roswell Road 52.90' to a nail; thence leaving said right of way South 86° 46' 42" West 167.72' to an iron pin on the westerly side of a 15' alley; thence northerly along the westerly side of said 15' alley North 09° 54' 41" East 70.65' to a 1" open top pipe; thence South 87° 20' 07" East 156.77' to the **TRUE POINT OF BEGINNING**.