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Sacramento Railyards Sold to Experienced Local Development Team

The 200 acre Sacramento Railyards property has been sold to Downtown Railyard Venture, LLC, led by experienced local developer Larry Kelley and his partners, Denton Kelley, Jay Heckenlively, Frank Myers and Alan Hersh, who will serve as the master development team for the project going forward.

This transfer marks the conclusion of years of effort by IA Sacramento Holdings, who took ownership of the property through foreclosure, to sell the property to a developer. During IA Sacramento Holding's tenure, work that had been previously initiated, including major infrastructure and the construction of connecting roads to downtown and bridges over the railroad tracks was continued without interruption, and a new courthouse site at the Railyards property was purchased. In anticipation of the sale, Larry's team had begun the process to develop an affordable housing project in a venture with USA Properties and entered into a deal for a new Kaiser Permanente Hospital campus that will be a major presence in the project and region once completed. In addition, earlier this year, an agreement was reached with the Union Pacific Railroad that clarified remediation responsibilities going forward. Furthermore, the California Department of Toxic Substances Control approved a land use covenant for the majority of the project. Both of these agreements enable future development of the Railyards site.

"We're thrilled this day has come. A lot of work has gone into making this sale occur and we are pleased Larry and his team are leading the development efforts going forward, said Michael Podboy of IA Holdings. "We have a lot of people to thank who worked with us, particularly those from the City of Sacramento, the Department of Housing and Community Development, as well as Congresswoman Matsui and former Senate President Pro Tem Steinberg. Thanks for their tireless leadership and belief in this project opportunity."

"We've been working on this for the last couple years and understand the significant role the Downtown Railyards has in the City's effort to grow the central urban core and build a strong local economy as well as provide more housing choices downtown," said Larry Kelley. "The Railyards is one of the premier infill development sites in the country and we know our efforts will be transformative for downtown and we look forward to spearheading this effort."

"The acquisition of the Railyards site by Larry Kelley signals a major milestone in our vision of creating an innovation district. With visionaries like Larry leading the way, it won't be long before the Railyards is transformed into a hub of innovation, entrepreneurship and technology, anchored by a Kaiser Hospital, County Courthouse, university campus and soccer stadium that will house our MLS team."

"The completed track relocation and infrastructure work ensures that the Railyard is well positioned to be a part of Sacramento's urban renaissance," said Congresswoman Matsui. "The Railyards is historically significant to the region and I am excited that Larry and his team will be

leading the effort to breathe life into the historical shops and to develop the property into another great destination where Sacramentans can live, work and play.”

Downtown Railyard Venture will soon be opening downtown offices near the Railyards. Work has already commenced to modify the specific plan with the City of Sacramento and the community, and further road and infrastructure construction will begin in late 2015. “We anticipate slight modifications to the adopted Specific Plan that will allow us to respond to the market changes and to incorporate best practices in urban land development that have occurred since 2007,” said Kelley.