

CONDITIONAL PROPERTY DISPOSITION AGREEMENT

by and among the

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

THE CITY OF REDLANDS

and

SHOWPROP REDLANDS LLC

Dated: July 5, 2011

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EXHIBIT “A” –Schedule of Performance

EXHIBIT “B” – List of Prohibited Uses

EXHIBIT “C” – Form of Memorandum of Agreement

EXHIBIT “D” – Form of Grant Deed

CONDITIONAL PROPERTY DISPOSITION AGREEMENT

This Conditional Property Disposition Agreement (this "Agreement") is made this 5th day of July, 2011 ("Effective Date"), by and among the Redevelopment Agency of the City of Redlands, a public body corporate and politic (the "Agency"), the City of Redlands, a municipal corporation and general law city, and ShowProp Redlands LLC, a California Limited Liability Company (the "Developer"). The Agency, the City, and the Developer are sometimes individually referred to herein as a "Party" and, collectively, as the "Parties."

RECITALS

A. The purpose of this Agreement is to effectuate the Redevelopment Plan adopted by Ordinance No. 1500, as amended, of the City of Redlands (the "City") by establishing a framework for the submittal and processing of a yet to be identified development project for four parcels of real property presently owned by the Agency, and the subsequent possible disposition and redevelopment of those four parcels of real property having an address of 330 North Third Street and consisting of approximately twenty nine thousand one hundred fifty nine (29,159) square feet of real property, designated as County of San Bernardino's Assessor's Parcel Nos. 0169-281-47, 48, 49 and 50 (the "Site"), located within the City. The Site is located within the Agency's Redlands Redevelopment Project Area ("Project Area") as provided in Ordinance No. 1500, as amended, which adopted the Redlands Redevelopment Plan ("Redevelopment Plan").

B. The Developer is willing to purchase the Site from the Agency on the terms and conditions set forth in this Agreement, and the Developer is willing to propose a development project to the City to redevelop the Site which may or may not utilize the Packinghouse (as defined in Section 311) existing on the Site. The Developer is exploring the viability of the construction of a retail project on the Site consisting primarily of a grocery store, which may be any of the following: "Sprouts," "Trader Joe's," "Gelson's," "Jensen's," "Whole Foods," "Henry's," "Bristol Farms," and "New Flower/Sun Flower" (the "Project"), which will eliminate blight, create jobs, provide economic benefit and conform to the Agency's Redevelopment Plan.

C. The Developer is further exploring the viability of the construction of other development projects which shall utilize the Packinghouse existing on the Site, and which will eliminate blight, create jobs, provide economic benefit and which conform to the Agency's Redevelopment Plan (the "Substituted Project").

D. The Agency desires to enter into this Agreement because, pursuant to the Community Redevelopment Law (Health and Safety Code section 33000 et seq.) ("CRL"), if the Developer constructs the Project or a Substituted Project, such action will help to eliminate blight, increase employment opportunities, generate additional taxes with which the community can increase and assist in providing an environment for the social and economic growth and the well-being of the residents of the City.

E. The Agency is authorized under the CRL and its Redevelopment Plan to enter into agreements relating to the disposition and possible future development of real property in

the Project Area and to make and execute contracts necessary or convenient to the exercise of its powers.

F. The Agency, the City, and the Developer desire to enter into this Agreement to set forth a general framework relating to: (i) the development review process for, and the future maintenance of, the Project, or any Substituted Project, that may be proposed by the Developer; and (ii) the possible subsequent disposition of the Site to the Developer. This Agreement memorializes the preliminary terms that have negotiated between the Parties, and informs the public regarding the goals and principles identified by the Agency's and the City's staff, and the Agency Board and the City Council, that will guide the Developer's proposal to construct the Project, or any Substituted Project, on the Site. This Agreement is not intended to create any binding contractual obligations with respect to the Project, or any Substituted Project, on any Party, or to commit any Party to a particular course of action with respect to the Project, or any Substituted Project.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Agency, the City, and the Developer hereby agree as follows:

AGREEMENT

100. REPRESENTATIONS AND WARRANTIES

101. Developer's Representations. The Developer represents and warrants to its actual knowledge to the Agency as follows:

a. Authority. The Developer is a limited liability company duly organized in good standing under the laws of the State of California. The Developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

b. No Conflict. The Developer's performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

c. No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent or delay the ability of the Developer to perform its obligations under this Agreement.

d. No Developer Bankruptcy. The Developer is not the subject of a bankruptcy proceeding.

Until the expiration or earlier termination of this Agreement, the Developer shall, upon learning of any fact or condition which would cause any of the foregoing warranties and representations not to be true, immediately give written notice of such fact or condition to the Agency.

e. Consent Required. The Developer shall not, except as hereinafter provided, assign or transfer this Agreement or any rights hereunder with respect to the Project or any Substituted Project without the prior written approval of the Agency. The Agency's Executive Director shall approve or disapprove any requested transfer, assignment or refinancing within ten (10) business days after receipt of a written request for approval from the Developer, together with such documentation as may be reasonably required by the Agency's Executive Director to evaluate the proposed transaction and the proposed assignee's/transferee's experience and qualifications, including the proposed assignment and assumption agreement by which the assignee expressly agrees to assume all rights and obligations of the Developer under this Agreement arising after the effective date of the assignment, and in which the assignee agrees to assume, or the Developer expressly remains responsible for, all performance and obligations of the Developer arising prior to the effective date of the assignment. The assignment and assumption agreement shall be in a form reasonably acceptable to the Agency's legal counsel. The Agency's Executive Director shall not unreasonably withhold approval of a transfer or assignment to a proposed transferee/assignee who in the reasonable opinion of the Agency's Executive Director is financially capable and has the development qualifications and experience to perform the duties and obligations of the Developer. No later than the date the assignment becomes effective, the Developer shall deliver to the Agency a fully executed counterpart of the assignment and assumption agreement.

f. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the Agency's approval of a transfer or assignment of this Agreement, the Project, or any Substituted Project, or any interest therein, shall not be required in connection with any of the following ("Permitted Transfer"), but the Developer shall give the Agency prior written notice of any Permitted Transfer together with evidence reasonably supporting the fact that such transfer is a Permitted Transfer:

(i) Any transfer or assignment to an Affiliate of the Developer in connection with which such transferee or assignee assumes the rights and obligations of the Developer under this Agreement pursuant to an assignment and assumption agreement reasonably acceptable to the Agency's legal counsel. "Affiliate" means an entity in which the Developer retains a direct beneficial economic interest and in which the Developer retains effective direct management and control of the transferee entity, subject only to major events requiring the consent or approval of the other owners of such entity;

(ii) Transfers resulting from the death or mental or physical incapacity of a constituent member of the Developer;

(iii) Transfers in connection with the sale of all or substantially all of the assets of any Affiliate of the foregoing;

g. Termination. If the Developer acquires the Site from the Agency, the general restrictions of this Section 101 shall thereafter terminate with respect to the Project, or any Substituted Project, except as expressly otherwise provided for in Section 506.2.

102. Limitation on Change in Ownership, Management and Control of the Developer. The qualifications and identity of the Developer are of particular concern to the Agency. It is

because of those unique qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any interest in the Project, any Substituted Project, or any rights or powers under this Agreement, except as expressly set forth herein.

200. DISPOSITION OF THE SITE TO THE DEVELOPER

201. Purchase and Sale of the Site. The Agency currently owns the Site in fee title. In the event Escrow is opened pursuant to this Agreement, and all conditions precedent for Closing of Escrow have been satisfied, the Developer shall purchase from the Agency the fee interest in the Site for the total purchase price of Two Hundred Sixty Thousand Dollars (\$260,000) (the "Purchase Price"), and in accordance with and subject to all of the terms, covenants and conditions of this Agreement. The sale of such interest by the Agency to the Developer shall be in consideration of the Developer's performance of all of its obligations hereunder and for the Developer's subsequent use of the Site in conformity with the Redevelopment Plan. The Developer shall, at least one (1) day prior to the Closing of Escrow (as those terms are later defined herein), deposit into Escrow cash or by wire transfer of funds, an amount equal to the Purchase Price.

202. Escrow. If the City approves of all discretionary entitlements necessary to construct the Project or any Substituted Project, within ten (10) days thereafter, the Agency shall open an escrow ("Escrow") with Redlands Escrow at 306 E. Citrus Ave., Redlands, CA 92373, or another escrow company mutually acceptable to the Agency and the Developer (the "Escrow Agent") and negotiate mutually agreed upon escrow instructions for the conveyance of the Site to the Developer.

202.1 Costs of Escrow. All usual fees, charges and costs chargeable by the Escrow Agent for Escrow services, including the costs of the Title Policy and the documentary transfer taxes, if any, due with respect to conveyance of the Site ("Costs") shall be paid by the Developer. The Agency shall pay the costs of any extraordinary charges ("Extraordinary Costs") associated with Escrow services requested solely by the Agency and provided by the Escrow Agent.

202.2 Escrow Instructions. Prior to any conveyance of the Site to the Developer, the Parties shall in good faith negotiate and submit appropriate escrow instructions to the Escrow Agent for the closing of Escrow in accordance with the terms and conditions of this Agreement. The Parties shall use reasonable good faith efforts to close Escrow in the shortest possible time. All funds received in the Escrow shall be deposited in interest-bearing accounts for the benefit of the depositing Party in any national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account. The Closing shall take place when both the Agency's and the Developer's Conditions Precedent to Closing as set forth in Section 205 hereof have been satisfied. The Escrow Agent is instructed to release the Agency's escrow closing and the Developer's Escrow closing statements to the respective Parties.

202.3 Funding of Escrow. The Purchase Price and all Costs required to be funded into Escrow in order to consummate any conveyance of the Site to the Developer shall be deposited

and funded by the Developer in accordance with the Developer's obligations relating to the Purchase Price and such Costs pursuant to this Agreement.

202.4 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

a. Pay and charge the Developer for the premium of the Title Policy and any amount necessary to place title in the condition necessary to satisfy Section 203; any endorsements to the Title Policy that are requested by the Developer; and any escrow fees, charges and Costs payable under Section 202.1.

b. Record a memorandum of this Agreement ("Memorandum of Agreement"), in the form attached to this Agreement as Exhibit "C," against the Site prior to transferring the Site fee interest to the Developer.

c. Disburse funds and deliver and record the grant deed conveying the Site to the Developer in the form attached to this Agreement as Exhibit "D" (the "Grant Deed") when both the Developer's and the Agency's Conditions Precedent to Closing have been fulfilled or waived in writing by the Developer and/or the Agency, as applicable.

d. Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

202.5 Closing. The Escrow for the Site shall close within ten (10) days after the satisfaction, or waiver by the appropriate Party, of all of the Agency's and the Developer's Conditions Precedent to Closing. "Closing" shall mean the time and day the Grant Deed is filed for record with the San Bernardino County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

202.6 Closing Procedure. Escrow Agent shall close the Escrow for the Site as follows:

a. Memorandum of Agreement. Record the Memorandum of Agreement against the Site prior to transferring the Site to the Developer.

b. Grant Deed. Record the Grant Deed with instructions for the Recorder of San Bernardino County, California to deliver the Grant Deed to the Developer.

c. Title Policy. Instruct the Title Company to deliver the Title Policy to the Developer.

d. Accounting. Forward to both the Developer and the Agency a separate accounting of all funds received from and disbursed to each Party and conformed copies of all executed and recorded or filed documents deposited into each Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. The Developer shall cause the Title Company to deliver to the Developer and to the Agency a standard preliminary title report (the "Report") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions

("Exceptions") set forth in the Report, within the time set forth in the schedule of performance attached hereto as Exhibit "A" (the "Schedule of Performance"). The Developer shall have the right to approve or disapprove the Exceptions in its sole and absolute discretion; provided, however, the Developer hereby approves the following Exceptions which shall be referred to herein as the "Pre-Approved Exceptions:"

- a. Redevelopment Plan. The Redevelopment Plan;
- b. Tax Liens. The lien of any non-delinquent property taxes and assessments (to be prorated at Closing);
- c. Incidental Easements. Any incidental public utility and public road easements which do not preclude, hinder, delay or impede the Developer's intended use of the Site;
- d. Grant Deed. The conditions set forth in the Grant Deed;
- e. Memorandum of Agreement. The Memorandum of Agreement;
- f. Developer Matters. Matters created by, through or under the Developer;
- g. Other Exceptions. Such other exceptions to title as may hereafter be approved by the Developer, in its sole discretion. The Agency agrees it shall not encumber the Property subsequent to the Effective Date of this Agreement.

Within the time set forth in the Schedule of Performance, the Developer shall give written notice to the Agency and the Escrow Agent of the Developer's approval or disapproval of any of the Exceptions (except the Pre-Approved Exceptions). The Developer's failure to give written disapproval of the Exceptions within such time limit shall be deemed approval of the Exceptions. If the Developer notifies the Agency of its disapproval of any Exceptions, the Agency shall have the right, but not the obligation, to cause any disapproved Exceptions to be removed within seven (7) days after receiving written notice of the Developer's disapproval, or provide assurances satisfactory to the Developer that such Exceptions will be removed on or before the Closing. The Agency's failure to notify the Developer within such seven (7) day period shall be deemed an election not to remove the disapproved Exceptions. The Agency's election not to remove any disapproved Exceptions shall not be a Default under the provisions of this Agreement. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within such seven (7) day period, the Developer shall have five (5) days after the expiration of such seven (7) day period to either give the Agency written notice that the Developer elects, in its sole discretion, to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate its obligation to acquire the Site. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." If any Exceptions other than Pre-Approved Exceptions are reported by the Title Company after the Developer has approved the Condition of Title for the Site pursuant to the foregoing procedures, then any such new Exception shall be subject to the same procedures for review and approval set forth above for Exceptions constituting the Condition of Title.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying to the Developer title to the Site, the Title Company shall issue to the Developer a form ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, insuring that title to the Developer's interest in the Site acquired as of the date of issuance of the Title Policy is vested in the Developer. The Title Company shall provide the Agency with a copy of the Title Policy. The premium for the Title Policy plus any additional costs, including the cost of surveys, any endorsements requested by the Developer, and the additional premium and/or other charges imposed by the Title Company, if any shall be paid by the Developer.

205. Conditions of Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

205.1 The Agency's Conditions of Closing. The Agency's obligation to proceed with the Closing of Escrow and the conveyance of the Site is subject to the fulfillment or waiver by the Agency of each and all of the conditions precedent described below ("the Agency's Conditions Precedent to Closing"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived within the time periods provided for herein:

a. No Default. Prior to the Closing, the Developer shall not be in Default under the terms of this Agreement, and all representations and warranties of the Developer contained herein shall be true and correct in all material respects.

b. Execution of Documents. The Developer shall have executed and acknowledged the Memorandum of Agreement and any other documents required hereunder and delivered such documents into Escrow.

c. Evidence of Financing. The Developer shall have provided to the Agency reasonable evidence of financing or ability to self-finance the Project or the Substituted Project.

d. Title. The Developer shall have notified the Agency of the Developer's approval of the condition of title to the Site.

e. Physical Condition. The Developer shall have notified the Agency of the Developer's approval of the physical condition of the Site.

f. Litigation. There shall be no proceedings or litigation pending which would adversely affect conveyance of, or the use or development of, the Site.

g. Entitlements. The Developer shall have obtained each of the discretionary entitlements and ministerial permits including, but not limited to, grading and building permits, required by the City for the construction of the Project or the Substituted Project, if the Agency has approved of such Substituted Project; and the applicable limitation periods for legal challenges to the Project or any Substituted Project shall have expired.

205.2 Developer's Conditions of Closing. The Developer's obligation to proceed with the conveyance of the Site is subject to the fulfillment or waiver by the Developer of each and all of the conditions precedent described below ("Developer's Conditions Precedent to Closing"), which are solely for the benefit of the Developer, and which shall be fulfilled or waived within the time periods provided for herein:

a. No Default. The Agency shall not be in Default of any of its obligations under the terms of this Agreement.

b. Execution of Documents. The Agency shall have executed and acknowledged the Grant Deed and any other documents required hereunder, and delivered such documents into Escrow.

c. Review and Approval of Title. The Developer shall have reviewed and approved the Condition of Title, as provided in Section 203 hereof.

d. Title Policy. The Title Company shall, upon payment of Title Company's regularly scheduled premium, be ready to issue the Title Policy upon recordation of the Grant Deed in accordance with Section 204, and endorsements to the Title Policy thereafter in accordance with Section 204.

e. Condition of the Site. The Developer shall have provided notice to the Agency within the time set forth in the Schedule of Performance that all physical aspects of the Site (including the presence of Hazardous Materials contamination, if any, on, under or above the Site, or any portion thereof and the soils condition of the Site) are acceptable to the Developer.

f. Entitlements. The Developer shall have obtained each of the discretionary entitlements and ministerial permits including, but not limited to, grading and building permits, required by the City for the construction of the Project, or the Substituted Project if the Agency has approved of such Substituted Project; and the applicable limitations period for legal challenges to the Project, or any Substituted Project have expired.

206. No Warranties; Release of the Agency. Notwithstanding any provision of this Agreement to the contrary, but subject to any covenants of the Agency or conditions for the benefit of the Developer in this Agreement, the Site shall be conveyed by the Agency to the Developer in its "AS-IS" condition, "WITH ALL FAULTS," with no warranty expressed or implied by the Agency regarding the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, title to the Site or the suitability of the Site for the development purposes intended hereunder. "Hazardous Materials" means any substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley-Tanner

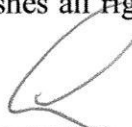
Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq. (42 U.S.C. §6903); or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended. To the extent authorized by contract or law, the Agency shall assign to the Developer all warranties and guaranties with respect to the Site, if any, that the Agency may receive from the prior owners of the Site, and all reports and other work product and rights under any agreements related to the environmental assessment and remediation of the Site.

The Developer and the Agency each hereby waives, releases and discharges forever the other, and their respective elected and appointed officials, officers, directors, shareholders, members, partners, employees, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Site, any Hazardous Materials on, under or about the Site, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Site, however they came to be placed there, except that arising out of the active negligence or willful misconduct of the indemnified party or their respective elected officials, officers, partners, directors, shareholders, members, employees, agents or representatives.

The Developer and the Agency are aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

As such relates to this Section 206, the Developer and the Agency each hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.


Developer's Initials


Agency's Initials

300. DEVELOPMENT REVIEW

301. Development Review Process. The Developer shall submit applications to the City for the development of the Project, or any Substituted Project, in accordance with the Schedule of Performance. The Developer shall be entitled to propose, and seek entitlements for, only one Substituted Project. If such Substituted Project is denied by the City, neither the Agency nor the City shall have any obligation to process or approve any other development project proposed by the Developer. Compliance with the requirements of the California Environmental Quality Act ("CEQA") shall occur prior to, and as a condition of, any approval by the City of the Project or any Substituted Project, and prior to, and as a condition of, any disposition of the Site to the Developer. Neither the Agency nor the City shall undertake any actions concerning the Project or any Substituted Project that would have a significant effect on the environment or limit the choice of alternatives or mitigation measures before completion of CEQA compliance. If approved by the City, the Developer shall develop and construct the Project, or any Substituted Project, substantially in accordance with and any drawings, plans and documents submitted to and approved by the City, and any plans, drawings and documents submitted by the Developer to the Agency as provided in Section 306.

302. Right of Entry. The Developer, or its designees, shall, upon at least one (1) business day prior written notice to the Agency, have access to the Site at any time for the purpose of making topographical and engineering studies, environmental studies and tests, and for any and all acts reasonably necessary to ascertain the fitness of the Site for the purpose of the Developer. The Developer shall defend, indemnify and hold the Agency and City harmless against and from any and all liability, loss, cost, damage and expense to any person or entity arising out of or in connection with any negligent or wrongful acts or omissions of the Developer or its agents, employees and invitees occurring as a result of such access and actions.

303. Permits and Approvals. Before commencement of construction of the Project, or any Substituted Project, upon the Site, the Developer at its sole expense shall secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required by the City and any other governmental agency having jurisdiction over the Project, or the Substituted Project, including all required environmental review pursuant to CEQA, and shall construct the Project, or any Substituted Project, in accordance with all applicable federal, state and local laws and requirements (the "Governmental Requirements"). The Agency's and the City's staff will work cooperatively with the Developer to assist in coordinating, the expeditious processing and consideration of all necessary permits, entitlements and approvals. However, the execution of this Agreement does not constitute the granting of, or a commitment by the Agency or the City to provide, any funding associated with development of the Project or any Substituted Project, or a commitment by the Agency or the City to issue any land use permits, entitlements or approvals to the Developer. The Developer and the Agency expressly acknowledge and agree that the Developer is at an exploratory stage in the development process, and that at the time of execution of this Agreement the Developer has not prepared and submitted to the Agency or the City any development plans or drawings for the Project or any Substituted Project which would serve as a basis for environmental analysis of the Project or Substituted Project. This Agreement does not preclude the City from considering development alternatives to the Project or any Substituted Project, and nothing in this Agreement prevents the City, in its absolute discretion, to

disapprove the Project or any Substituted Project, or prevents the Agency in its absolute discretion to disapprove of any proposed Substituted Project. The Agency and the City retain the absolute sole discretion to (i) modify the Project and any Substituted Project as necessary to comply with CEQA; (ii) select other feasible alternatives to avoid significant impacts; (iii) balance the benefits of the Project or any Substituted Project against any significant impacts prior to taking final action on the Project or any Substituted Project if such significant impacts cannot be avoided; and/or (iv) determine not to proceed with the Project or any Substituted Project, or if conditions precedent to Closing of Escrow are not satisfied, with disposition of the Site to the Developer.

304. Obligation to Commence Construction. The Developer shall commence construction of the Project, subject to any Enforced Delay, within the latter of (i) forty-five (45) days from the Closing of Escrow if the proposed Project will utilize the Packinghouse (as defined in section 311), or within seventy-five (75) days of Closing of Escrow if the Developer has obtained approval of a demolition permit for the Packinghouse from the City; or (ii) twelve (12) months from the Effective Date of this Agreement. In the event the Developer fails to commence construction of the Project within such time period, and during such time has proposed to the Agency and received all approvals necessary from the City to construct the Substituted Project, the Developer, shall be obligated to commence construction of the Substituted Project within the latter of (i) forty-five (45) days from the Closing of Escrow; or (ii) twelve (12) months from the date of the City's approval of the entitlements for the Substituted Project. "Commencement of Construction," for purposes of this Section 304, shall mean the commencement of physical construction of any new building on the Site, or physical work commenced upon the Packinghouse, pursuant to a building permit issued by the City.

305. Schedule of Performance. The Developer shall satisfy all obligations and conditions of this Agreement within the time established therefor in the Schedule of Performance attached hereto as Exhibit "A." In the event the Agency approves construction of a Substituted Project, the Agency, the City, and the Developer agree to use good faith, reasonable efforts to negotiate and establish a new Schedule of Performance for the Substituted Project.

306. Design Review.

306.1 Basic Concept Drawings. The Developer shall submit to the Agency, in accordance with the attached Schedule of Performance, schematic site plans for the Project, including preliminary landscape plans (the "Basic Concept Drawings"). The Agency shall cooperate with the Developer and the City in processing entitlements for the Project consistent with the Basic Concept Drawings.

306.2 Construction Drawings and Related Documents. Within the time set forth in the Schedule of Performance, the Developer shall prepare and submit to the City's building department detailed construction plans with respect to the Project, including a grading plan, which shall have been prepared by a registered civil engineer (the "Construction Drawings").

306.3 The Agency's Review and Approval. The Agency's approval of the Basic Concept Drawings shall not relieve the Developer of its obligation to submit drawings and plans

to the City in order to obtain the approvals required for the construction of the Project or any Substituted Project on the Site. Any and all changes or revisions required by the City and its inspectors which are required under the City's Municipal Code and all other applicable Uniform Codes (such as Building, Plumbing, Fire and Electrical), and under other applicable Governmental Requirements, shall be included by the Developer in its Construction Drawings and completed during the construction of the Project. The Agency shall be deemed to have approved any change or revision required by the City and its inspectors.

306.4 Revisions. If the Developer desires to propose any material revisions to the Agency-approved Basic Concept Drawings, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with all Governmental Requirements regarding such revisions. If, in the reasonable opinion of the Agency's Executive Director, the Basic Concept Drawings, as modified by the proposed material revision or material change, generally and substantially conform to the Agency's and the City's requirements for the Project, or any Substituted Project, the Agency's Executive Director shall, within fifteen (15) days after submission to the Agency, approve the proposed change and authorize the City to process the change in accordance with the City's requirements. The Agency's Executive Director is authorized to approve changes to the Agency-approved Basic Concept Drawings provided such changes (i) do not materially reduce the quality of materials to be used; and (ii) do not materially reduce the qualities of the Project, or any Substituted Project, design.

306.5 Consultation and Coordination. The staff of the Agency and the Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the Agency can receive timely and thorough consideration.

306.6 Defects in Plans. Neither the Agency nor the City shall be responsible either to the Developer or to any third parties, in any way, for any defects in the Basic Concept Drawings or the Construction Drawings, or for any structural or other defects in any work done according to the approved Basic Concept Drawings or Construction Drawings, nor for any delays caused by the review and approval processes established by this Section. The Developer shall hold harmless, indemnify, protect and defend the Agency and the City, and their respective officials, officers, employees, agents and representatives from and against any claims or suits for damage to property or injury to or death of any persons arising out of or in any way relating to defects in the Basic Concept Drawings or the Construction Drawings, including the violation of any Governmental Requirements, or for defects in any work done according to the approved Basic Concept Drawings and Construction Drawings. This Section 306.6 shall survive any termination of this Agreement.

307. Cost of Construction. The cost of acquiring the Site and developing the Project, or any Substituted Project, including but not limited to any proposed demolition, Site preparation, conditions of development, utility relocation, and development impact fees and permits, shall be borne solely by the Developer. In addition, the Developer will be responsible for all costs and fees associated with preparing, filing, processing, and obtaining approval of any subdivision or parcel map, City and/or other governmental entitlement, permit or approval required to develop the Project, or any Substituted Project. Neither the Agency nor the City shall bear any responsibility whatsoever for the costs associated with the development of the Site.

Neither the Agency nor the City shall have any proprietary interest in the Project or any Substituted Project. This Section 307 shall survive any termination of this Agreement.

308. Compliance With Laws; Indemnity; Waiver. The Developer shall construct the Project, or any Substituted Project, in conformity with all applicable Governmental Requirements, including all applicable state labor laws and standards, all applicable Public Contract Code requirements, the City's applicable zoning and development standards, building, plumbing, mechanical and electrical codes, all other applicable provisions of the City's Municipal Code; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq. The Developer warrants and represents in connection with the foregoing that the Developer is a sophisticated, experienced developer of projects similar to the Project and any Substituted Project and is fully conversant with, and informed, concerning the Governmental Requirements with which the Developer must comply pursuant to this Section.

The Developer shall defend, indemnify and hold harmless the Agency, the City and their respective elected and appointed officials, officers, employees, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs) (collectively, "Claims"), arising out of or in any way connected with the Developer's obligation to comply with all Governmental Requirements with respect to the work for the Project, including all applicable state labor laws and standards and the Public Contract Code, except to the extent such Claims result from actions of the Agency or the City, or their respective elected and appointed officials, officers, employees, agents or representatives, which prevent the Developer from complying with Governmental Requirements. If, at any time, the Developer believes that the Agency or the City, or their respective elected and appointed officials, officers, employees, agents or representatives, are preventing the Developer from complying with Governmental Requirements, then the Developer shall provide notice to the Agency of the basis of such conclusion by the Developer to enable the Agency and/or the City to take such actions as may be necessary or appropriate to enable the Developer to comply with Governmental Requirements. This Section 308 shall survive any termination of this Agreement.

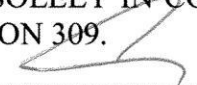
309. Developer Acknowledgement. (a) THE DEVELOPER ACKNOWLEDGES THAT THE AGENCY HAS MADE NO REPRESENTATION, EXPRESS OR IMPLIED, TO THE DEVELOPER OR ANY PERSON ASSOCIATED WITH THE DEVELOPER REGARDING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION, INSTALLATION OR OPERATION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT OR ANY SUBSTITUTED PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ. THE DEVELOPER AGREES WITH THE AGENCY THAT THE DEVELOPER SHALL ASSUME THE RESPONSIBILITY AND BE SOLELY RESPONSIBLE FOR DETERMINING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION, INSTALLATION OR OPERATION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT, OR

ANY SUBSTITUTED PROJECT, MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ. THE DEVELOPER SHALL USE ALL REASONABLE EFFORTS AND EXERCISE DUE DILIGENCE TO MAKE A DETERMINATION IF SUCH PREVAILING WAGES ARE REQUIRED TO BE PAID PURSUANT TO APPLICABLE LAW, AND SHALL PAY SUCH PREVAILING WAGES IF THE APPLICABLE LAW SO REQUIRES.

(b) THE DEVELOPER, ON BEHALF OF ITSELF, ITS SUCCESSORS, AND ASSIGNS, WAIVES AND RELEASES THE AGENCY FROM ANY RIGHT OF ACTION THAT MAY BE AVAILABLE TO ANY OF THEM PURSUANT TO LABOR CODE SECTIONS 1726 OR 1781. THE DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVER AND RELEASE CONTAINED IN THIS SECTION 309, WHICH READS AS FOLLOWS:

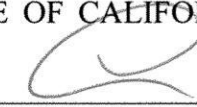
A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF THIS SECTION 309.


Developer's Initials

(c) ADDITIONALLY, THE DEVELOPER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE AGENCY, PURSUANT TO THIS SECTION 309, AGAINST ANY CLAIMS PURSUANT TO LABOR CODE SECTIONS 1726 AND 1781 ARISING FROM THIS AGREEMENT OR THE CONSTRUCTION, INSTALLATION OR OPERATION OF ALL OR ANY PORTION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT OR ANY SUBSTITUTED PROJECT.

(d) ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE DEVELOPER SHALL ENSURE THAT ALL LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION OR INSTALLATION OF ANY PUBLIC IMPROVEMENTS CONSTRUCTED BY THE DEVELOPER SHALL BE PAID NO LESS THAN THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ.


Developer's Initials

310. Mortgage, Deed of Trust, Sale and Lease-Back Financing.

310.1 Holder Not Obligated to Construct Project. The holder of any mortgage or deed of trust on any portion of the Site shall not be obligated by the provisions of this Agreement to construct or complete the Project or any Substituted Project, or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements or project thereon, other than the Project or Substituted Project provided for by this Agreement.

310.2 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency shall deliver any notice to the Developer with respect to any Default by the Developer hereunder, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice. No Notice of Default shall be effective as to the holder unless such notice is given. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the copy of the notice, to cure or remedy or commence to cure or remedy any such Default. In the event possession of the Site is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days after receipt of the copy of the notice, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy.

311. Preservation, Design, and/or Incorporation of Existing Building and/or Building Elements. The Site presently serves as the location of a vacant Mutual Orange Distributors packinghouse (the "Packinghouse"). The Agency and the City encourage the Developer to explore the adaptive reuse of the Packinghouse in connection with the development of the Project. However, the Developer, the Agency, and the City acknowledge that the Developer's construction of the Project may necessitate the Developer's demolition of the Packinghouse. In the event such demolition occurs, the Developer shall design the Project with characteristics, and/or replicated elements, of an early twentieth century packinghouse, and the Developer shall contract with an Agency-approved deconstruction company to salvage and save certain flooring, support timbers and other wooden elements, including roofing, of the Packinghouse as requested by the Agency, and make available such salvaged elements to the deconstruction company, or incorporate such elements of the Packinghouse into the Project if reasonably feasible to do so without substantial cost to the Developer. If the Developer proposes a Substituted Project, the Developer expressly acknowledges and agrees that the Developer shall not seek any permit for the demolition of the Packinghouse, nor shall the City have any legal obligation to approve any permit authorizing the demolition of the Packinghouse, and the Packinghouse shall be incorporated by the Developer into, and utilized as part of, the Substituted Project.

400. COVENANTS, RESTRICTIONS AND AGREEMENTS

401. Use Covenants. So long as the provisions of this Section remain in effect, the Developer and its successors and assigns (i) shall comply with the use restrictions set forth herein; (ii) shall comply with the limitations of the Redevelopment Plan and the Grant Deed;

(iii) shall not cause or permit the Site or any portion thereof to be used for any of the prohibited uses set forth on Exhibit "B" hereto; and (iv) shall not use or transfer all or any portion constituting more than 10% of the square footage of the Site, the Project, or any Substituted Project, to any person or entity such that it would cause the exemption of the payment of ten percent (10%) or more of the real property taxes otherwise assessable regarding the Site, the Project, or any Substituted Project, without the prior written consent of the Agency, unless the Developer covenants to and does pay to the Agency the amount of property tax revenue not received by the Agency as a result of such use or transfer, for the balance of the duration of this covenant. So long as the provisions of this Section remain in effect, no use other than that specified herein (except as provided above) shall be permitted without the prior written approval of the Agency, which approval shall be granted or denied in its sole discretion. The covenants set forth in this Section 401 shall remain in effect for the period of time specified in Section 404, below.

402. Maintenance Covenants. The Developer shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and landscaping within the Site and in the public right of way contiguous to the Project or any Substituted Project. Such improvements shall include buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site located on the Site, and any and all other improvements on the Site. To accomplish such maintenance, the Developer shall either staff or contract with and hire licensed and qualified personnel to perform such maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Section 402. The maintenance covenants and obligations set forth in this Section shall remain in effect for the period of time specified in Section 404, below. The standards provided in this Section 402 ("Maintenance Standards") shall be complied with by the Developer and its maintenance staff, contractors and subcontractors. The Developer's compliance with the Maintenance Standards shall be judged by a comparative standard with the custom and practice generally applicable to comparable retail developments located within the City.

402.1 Landscape Maintenance. Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, and irrigation coverage; replacement, as needed, of all plant materials; weeding of all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

402.2 Clean-Up Maintenance. Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping; clearance, cleaning and proper disposal of all cuttings, weeds, leaves and other debris.

402.3 Maintenance Required by Law. All maintenance work shall conform to all applicable Federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

402.4 Chemicals and Pesticides. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all Governmental Requirements. Precautionary measures shall be employed recognizing the extent to which areas are open to public access.

402.5 Improvements. The Project, or any Substituted Project, shall be maintained in good condition and repair, reasonable wear and tear, damage and destruction and condemnation excepted.

402.6 Failure to Maintain. If, in the Agency's good faith reasonable judgment, the Developer is not maintaining the private and public improvements on the Site in accordance with the Maintenance Standards, the Agency shall so notify the Developer in writing, specifying in reasonable detail the deficiencies and the actions required to be taken by the Developer to cure the deficiencies. Subject to the Developer's right to contest any such notification, upon such notification, the Developer shall have forty-eight (48) hours to correct, remedy or cure the deficiency if the problem poses an imminent threat to public health and safety. If the problem does not pose an imminent threat to public health and safety, then the Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency cannot reasonably be corrected, remedied or cured within such thirty (30) day period, in which event the Developer shall commence such correction, remedy or cure within such thirty (30) day period and thereafter diligently pursue to completion such correction, remedy or cure as soon as reasonably possible after the expiration of such thirty (30) day period.

In the event the Developer fails so to correct, remedy or cure such maintenance deficiency, then the City and/or the Agency shall have the right to perform such maintenance to cure such maintenance deficiency. The Developer agrees to pay the Agency upon demand all charges and costs reasonably incurred by the Agency or the City for such maintenance. Until so paid, the Agency shall have a lien on the portion of the Site which is the subject of the maintenance deficiency for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against such portion of the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such the Agency lien shall in any way defeat, invalidate or impair the obligation or priority of any such mortgage or deed of trust. In addition, any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any lease, sublease or easement in the Site, and no lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate or impair the obligation or priority of any lease, sublease or easement. The Developer acknowledges and agrees that the City and the Agency may also pursue any and all other remedies available in law or equity in the event of a breach of the maintenance obligations and covenants set forth herein.

403. Nondiscrimination Covenants. Developer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government

Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

All deeds, leases or contracts entered into by the Developer relating to the Project, or any Substituted Project, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph."

In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and

paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein lease.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Sections 12955 of the Government Code shall apply to the immediately preceding paragraph.”

In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraphs (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, any occupants of the Project, and any successor in interest to the Project, or any Substituted Project. The covenants against discrimination shall remain in effect in perpetuity.

404. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The Agency and the City are deemed beneficiaries of the provisions of this Agreement and of the covenants running with the land, for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with

the land have been provided. The Agency and/or the City shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. The Developer's covenants contained in this Agreement shall remain in effect with respect to the Project, or any Substituted Project, until the issuance of the certificate of occupancy by the City for the Project or any Substituted Project, except that the covenants pertaining to maintenance of and payment of taxes on the Site and all improvements thereon, and payment of costs of construction, shall remain in effect until the termination date of the Redevelopment Plan. The covenants against discrimination, as set forth in Section 403, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Failure by any Party to perform any action or covenant required by this Agreement within the time periods provided herein following notice shall constitute a "Default" under this Agreement. A Party claiming a Default shall give written Notice of Default to the other Party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other Party if such Party within thirty (30) days after the date of such Notice of Default immediately cures, corrects or remedies such failure or delay.

502. Institution of Legal Actions. Except as otherwise specifically provided herein, upon the occurrence of a Default, and the expiration of the applicable cure period pursuant to Section 501 above, the non-defaulting Party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, or in the Federal District Court for the Central District of the State of California. Notwithstanding anything herein to the contrary, a Party's right to recover damages in the event of a Default by the other Party shall be limited to recovery of actual damages and shall exclude consequential damages.

503. Termination. This Agreement may be terminated: (i) if there is an uncured Default, by written notice from the Party not in Default, or (ii) if there is a failure of an express condition (which is not waived by the Party whom the condition benefits) by notice from the Party whom the condition benefits.

504. Rights and Remedies Are Cumulative. The rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party, except as otherwise expressly provided herein.

505. Inaction Not a Waiver of Default. Any failures or delays by any Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such Party of its right to institute and maintain any

actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

506. Option to Repurchase. The Agency shall have the additional right at its option, following expiration of the notice and cure period described in Section 501, to repurchase the Site (the "Repurchase Option") if, after Closing of Escrow, the Developer (i) fails to commence construction of the Project within the time specified in Section 304, and as such date may be extended pursuant to Section 602, or (ii) voluntarily or involuntarily transfers or conveys the Site or this Agreement in violation of Section 100. The Repurchase Option period will be for sixty (60) days following the Developer's failure to commence construction of the Project, or any Substituted Project, and the expiration of the notice and cure period described in Section 501. The Repurchase Option period will be computed by excluding the first day and including until 5:00 p.m. on the last day or, if the last day is a holiday, the next business day.

506.1 Repurchase Option Price. To exercise the Repurchase Option, the Agency shall pay to the Developer cash in the amount of Two Hundred Eight Thousand Dollars (\$208,000), which is equal to the purchase price paid to the Agency by the Developer for the Site, less twenty percent (20%) of such purchase price.

506.2 Notice of Exercise of Option. Exercise of the Repurchase Option shall be as follows:

a. If all conditions to the exercise of the Repurchase Option are satisfied by the Agency, the Agency may exercise the Repurchase Option for the Site by (i) executing and delivering to the Developer, before expiration of the Repurchase Option period, a written notice of the same; and (ii) executing and depositing escrow instructions and documents necessary to open escrow for repurchase of the Site, at the price specified in Section 506.1, with the Escrow Agent. Escrow shall close thirty (30) days after the opening of escrow, unless agreed otherwise by the Parties.

b. While the Repurchase Option period is in effect, the Developer shall not sell, convey or otherwise transfer title to the Site to any party other than the Agency.

c. If the Agency fails to exercise the Repurchase Option for the Site in accordance with Section 5.06 within the Repurchase Option period, the Repurchase Option shall terminate. In the event of such termination, within five days after request by the Developer, the Agency will execute, acknowledge and deliver to the Developer a quitclaim deed, release and/or any other document reasonably required to verify termination of the Repurchase Option for the Site.

506.3 Memorandum of Option to Purchase. The Parties shall cause a memorandum of the rights granted the Agency in Section 506 to be recorded in the Official Records of the County of San Bernardino at the time of the Closing of Escrow for conveyance of the Site to the Developer. In lieu of such memorandum, in the Agency's discretion, the rights afforded the Agency pursuant to this Section 506 may be described in the Grant Deed. The Agency will not withhold consent to reasonable requests for subordination of the Repurchase Option to deeds of trust provided for the benefit of construction lenders provided that the instruments effecting such

subordination include reasonable protections to the Agency in the event of default, including without limitation, extended notice and cure rights.

506.4 Rights of Mortgagees. Any rights of the Agency under this Section 506 shall not defeat, limit or render invalid any mortgage or deed of trust permitted by this Agreement, or any rights provided for in this Agreement for the protection of holders of such instruments.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Among the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which any Party may desire to give to the other Party under this Agreement must be in writing and shall be given by certified mail, return receipt requested and postage prepaid, personal delivery, or reputable overnight courier (but not by facsimile or email), to the Party to whom the Notice is directed at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice.

To Agency:

Executive Director
Redevelopment Agency of the City of
Redlands
35 Cajon Street, Suite 200
P.O. Box 3005 (mailing)
Redlands, California 92373
Telephone No. (909) 798-7510
Facsimile No. (909) 798-7503

To Developer:

George Krikorian, President
ShowProp Redlands, LLC
2275 W. 190th Street, Suite 201
Torrance, California 90540
Telephone No. (310) 856-1272

With a copy to:

City Attorney
City of Redlands
35 Cajon Street, Suite 200
P.O. Box 3005 (mailing)
Redlands, CA 92373
Telephone No. (909) 798-7595
Facsimile No. (909) 798-7503

To City:

City Manager
City of Redlands
35 Cajon Street, Suite 200
P.O. Box 3005 (mailing)
Redlands, CA 92373
Telephone No. (909) 798-7595
Facsimile No. (909) 798-7503

Any Notice shall be deemed received on the date of delivery is delivered by personal service, on the date of delivery or refused delivery as shown by the return receipt if sent certified mail, and on the date of delivery or refused delivery as shown by the records of the overnight courier if sent via nationally recognized overnight courier.

602. Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by any Party hereunder shall not be deemed to be in Default, and all

performance and other dates specified in this Agreement shall be extended, where delays are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation, including court delays; unusually severe weather; acts or omissions of the other Party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other cause beyond the affected Parties' reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Agency, the City, and the Developer. The Agency, the City, and the Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing or other lack of funding to pay all Costs, or to complete the Project or any Substituted Project shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date of this Agreement.

603. Successors and Assigns. Subject to the restrictions on the Developer transfers set forth in Section 101 above, all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer, the Agency, and the City and their respective permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any permitted successors and assigns as herein provided. Upon any permitted assignment hereunder, the term "Developer" as used herein shall mean only the then current owner of the Site, and each prior Developer shall be released of any liability arising under this Agreement, except for breaches occurring prior to such conveyance or indemnity obligations founded upon circumstances occurring in whole or in part prior to such conveyance.

604. Relationship Between the Agency, the City, and the Developer. It is hereby acknowledged that the relationship between the Agency, the City, and the Developer is not that of a partnership or joint venture and that the Agency, the City, and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site, the Project or any Substituted Project. The Developer shall indemnify, protect, hold harmless and defend the Agency and the City from any claim made against the Agency or the City by the Developer or the Developer's lenders, creditors, contractors, subcontractors, tenants, agents, employees, representatives, partners, shareholders, members, officers or directors arising from a claimed relationship of partnership or joint venture among the Agency, the City and the Developer with respect to the development, operation, maintenance or management of the Site, the Project, or any Substituted Project.

605. Integration. This Agreement contains the entire understanding among the Parties relating to the transactions contemplated by this Agreement. All prior or contemporaneous

agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material.

606. Brokerage. The Developer and the Agency each represents to the other that neither has not engaged the services of any broker, and that they are not liable for any real estate commissions, broker's fees which may accrue by means of the Developer's acquisition of the Site. The Developer shall indemnify, defend, protect and hold the Agency harmless from any and all liabilities, losses, causes of action, claims, costs and expenses (including reasonable attorneys' fees) in connection with any claim asserted by any person or entity that such commissions or fees are alleged to be due from the Developer.

607. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

608. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by the Parties.

609. No Waiver. A waiver by any Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by any other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

610. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed in behalf of the Parties.

611. Severability. If any term, provision, condition or covenant of this Agreement or its application to any Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law, unless the enforcement of this Agreement or such term, provision, condition or covenant would be grossly inequitable under all the circumstances, or would frustrate the purpose of this Agreement.

612. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code.

613. Legal Advice. Each Party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or in behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

614. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency, the City, and the Developer of each and every obligation and condition of this Agreement.

615. Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes of this Agreement.

616. Conflicts of Interest. No member, official or employee of the Agency or the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

617. Developer's Indemnity.

617.1 Third Party Claims. The Developer shall indemnify, defend (with counsel reasonably acceptable to the Agency), protect and hold the Agency and the City, and their elected and appointed officials, officers, employees, agents and representatives, harmless from, all third-party claims, demands, damages, defense costs or liability of any kind or nature relating to the development of the Project, including damages to property or injuries to persons, accidental death, and reasonable attorneys' fees and costs, which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer's indemnity obligations under this Section shall not extend to claims, demands, damages, defense costs or liability for property damage, bodily injury or death to the extent occasioned by the active negligence or willful misconduct of the Agency or the City, or their officers, employees, agents or representatives. The provisions of this Section shall survive any termination of this Agreement.

617.2 Proceedings to Challenge Approvals. The Developer, and its successors and assigns, shall defend, indemnify and hold harmless the Agency and the City and their respective elected and appointed officials, officers, agents and employees, from and against any and all claims, actions, and proceedings to attack, set aside, void or annul any approval of this Agreement, the

Project, or any Substituted Project, by the Agency or the City, or brought against the Agency or the City due to the Agency's or the City's acts or omissions in any way associated with the processing of, and any possible approval of the Project or any Substituted Project that is the subject of this Agreement. This indemnification shall include, but not be limited to, damages, fees, costs, liabilities, and expenses incurred in such actions or proceedings, including damages for the injury to property or persons, including death of a person, and any award of attorneys' fees. In the event any such action is commenced to attack, set aside, void or annul all, or any, provisions of this Agreement, or is commenced for any other reason against the Agency or the City for acts or omissions relating to this Agreement, the Project or any Substituted Project, within fourteen (14) City business days of the same, the Developer shall file with the Agency and the City a performance bond or irrevocable letter of credit (together, the "Security") in a form and in an amount satisfactory to the Agency and the City, to ensure the Developer's performance of its defense and indemnity obligations under this section 617.2. The failure of the Developer to provide the Security shall be deemed an express acknowledgement and agreement by the Developer that the Agency and the City shall have the authority and right, without objection by the Developer, to rescind this Agreement and revoke any and all entitlements granted for the Project or the Substituted Project pursuant to this Agreement. The Agency and the City shall have no liability to the Developer for the exercise of the Agency's or the City's right to rescind this Agreement or revoke any entitlements for the Project or any Substituted Project.

618. Nonliability of Officials and Employees of the Agency and the City. No elected or appointed official, officer or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. The Developer hereby waives and releases any claim it may have against the elected and appointed officials, officers or employees of the Agency and the City with respect to any Default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. The Developer makes such release with full knowledge of Civil Code Section 1542 and hereby waives any and all rights thereunder to the extent of this release, if such Section 1542 is applicable. Section 1542 of the Civil Code provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Developer's Initials

619. Estoppel Certificates. Upon request of the Developer, the Agency shall deliver to the Developer, or its lenders, partners, tenants, and any of their respective successors and assigns, in form and substance reasonably acceptable to the Developer, an estoppel certificate confirming the continued existence of this Agreement, that there are no defaults under this Agreement or if any such defaults are claimed to exist, listing same with particularity, describing the remaining items to be completed by the Developer pursuant to this Agreement, certifying as to the completeness of this Agreement and any amendments, that the addressee may rely upon this certificate, and such other matters as may reasonably be requested by the Developer. The

Developer shall draft or cause to be drafted any estoppel certificate in a form that is reasonably acceptable to the Agency. The Agency's approval of an estoppel certificate shall not be unreasonably withheld; provided, however, that as a precondition of the issuance of any estoppel certification, the Developer shall pay to the Agency the costs reasonably incurred by the Agency's staff in the review and preparation of the estoppel certificate. The Executive Director of the Agency may execute any such estoppel certificate without further authorization from the Agency.

620. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency's Executive Director (or his duly authorized representative). The Agency's Executive Director, or designee, shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the Agency as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

621. Memorandum of Agreement. The Developer, the Agency, and the City, shall execute, and Agency shall cause to be recorded concurrently with the Developer's acquisition of the Site, a Memorandum of Agreement, in the form attached hereto as Exhibit "C," referencing this Agreement and serving as notice of its existence and contents.

622. Groundbreaking and Completion Ceremonies. To ensure proper protocol and recognition of the Agency's Board and City Council members, the Developer shall cooperate (without any additional costs or expense to the Developer) with the Agency and City staff in the organization of any Project-related groundbreakings, completion ceremony or any other such inaugural events/ceremonies sponsored by the Developer celebrating the Project which is the subject of this Agreement, provided such events do not unreasonably interfere with the Developer's construction of the Project or any Substituted Project.

623. Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the State of California, without regard to principles of conflict of laws.

624. No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person or entity, other than the Parties, the City of Redlands, and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

[Signatures on the Following Page]

By signing below, the Parties evidence their agreement with the provisions of this Agreement and agree to use this Agreement as a framework for the processing of entitlement applications for any Project, or Substituted Project, that may be submitted by the Developer to the City.

THE AGENCY

By: Pete Aguilar
Pete Aguilar, Chairperson
Redevelopment Agency for the
City of Redlands

THE DEVELOPER

By: George Krikorian
George Krikorian, President
ShowProp Redlands LLC

ATTEST:

By: Sam Irwin
Sam Irwin, Secretary
Redevelopment Agency for the
City of Redlands

THE CITY

By: Pete Aguilar
Pete Aguilar, Mayor
City of Redlands

ATTEST:

By: Sam Irwin
Sam Irwin, City Clerk
City of Redlands

EXHIBIT "A"
Schedule of Performance

Summary of selected obligations - this schedule does not include all obligations which the Parties are required to perform in accordance with this Agreement; in addition, because this Schedule of Performance contains summarized information, the body of this Agreement should be referred to for the particular terms and conditions pertaining to each action

1.	Submit a completed application, which includes those items listed in the City's Submittal Requirement Matrix (Basic Concept Drawings, applications and fees, etc); and environmental technical studies as required by staff to comply with CEQA (the "Application Package").	Within 30 days of the Effective Date of this Agreement.
2.	City's Development Review Committee (DRC) meets and reviews the Application Package and City Staff forwards any deficiencies/questions to Developer.	Within 14 days of Developer's submittal of the Application Package.
3.	Developer to resubmit Application Package, if necessary, to address deficiencies/questions identified during the DRC meeting.	Within 45 days of City's written request for deficiencies/questions.
4.	City to prepare Initial Study and Socio-Economic Cost/Benefit Study and submit for review to Environmental Review Committee (ERC) for CEQA recommendation and Measure "U" compliance. ERC to recommend on Socio-Economic Cost/Benefit Study and determine if a Mitigated Negative Declaration or EIR will be required.	Within 30 days of Developer's submittal of the Application Package (if the project is deemed complete). Process is subject to Appendix "A" of the CEQA Guidelines.
5.	Initial study forwarded to Historic and Scenic Preservation Commission for review of the Cultural Resources section of the Initial Study.	Within 30 days of obtaining a CEQA recommendation from ERC.
6.	Staff report prepared for the Planning Commission to review the Project and make a determination on the CEQA Initial Study, Socio-Economic Cost Benefit Study and entitlements for the Project.	At the next available meeting, in accordance Appendix "A" of the CEQA Guidelines.

7.	A. Developer to submit Construction Drawings. Drawings shall be submitted in accordance with all applicable Code requirements B. City review of Construction Drawings. C. Developer's corrections/response to City's review of Construction Drawings. D. City's review of revised Construction Drawings.	A. Within 75 days of the City's approval of all discretionary exhibits for the Project, or Substituted Project, and the expiration of the limitation period for legal challenges to the entitlements. B. Within 2 weeks of request of Developer's submittal Construction Drawings. C. Within 3 weeks from date of City's comments to Developer. D. Within 2 weeks of City's receipt of revised Construction Drawings.
8.	Opening of Escrow and execution of escrow instructions.	Within 10 days after the City's approval of the discretionary entitlements for the Project.
9.	Close of Escrow.	Within 10 days after satisfaction of conditions precedent.
10.	Developer to cause Title Company to deliver Preliminary Title Report to Developer and Agency.	Prior to the close of escrow.
11.	Developer notifies Escrow and Agency of disapproval of title and survey exceptions.	Within 30 days after receipt of the Preliminary Title Report and Underlying Documents.
12.	Agency notifies Developer of removal or commitment to remove disapproved exceptions prior to Close of Escrow.	Within 7 days of Developer's notice of disapproval above.
13.	Developer notifies Agency of election to waive objection or terminate.	Within 5 days of Agency's notice above, but not later than one (1) year from the Effective Date.
14.	Developer notifies Agency of approval or disapproval of Site.	Prior to close of escrow.
15.	A. If all discretionary and ministerial permits approved, and if escrow has closed, Developer commences construction of the Project. B. If all discretionary and ministerial permits approved, and if escrow has closed, Developer commences construction of the Substituted Project.	A. Within the latter of one (1) year from the Effective Date, or 45 days from the Closing of Escrow if the proposed Project will utilize the Packinghouse or within 75 days from the Closing of Escrow if the Developer has obtained a demolition permit for the Packinghouse. B. Within 45 days from the Closing of Escrow.

EXHIBIT "B"
List of Prohibited Uses

PROHIBITED USES¹

- a. automobile and motorcycle sales (new)
- b. auto parts and accessories
- c. Drive-thru restaurants
- d. Erotic books and paraphernalia
- e. Nurseries, garden supplies²
- f. Automotive repair services (e.g. brake, muffler, painting)
- g. Automotive service stations
- h. Drive-thru, non-financial
- i. Massage parlor
- j. Pest control
- k. Tattoo parlor
- l. Thrift store
- m. Bed and breakfast
- n. Single family, detached
- o. Auto and truck rental
- p. Camper, mobile home sales and service
- q. Citrus packing house
- r. Equipment rental
- s. Farm supplies
- t. Food processing and storage
- u. Furniture re-upholstery
- v. Machinery, equipment, supplies
- w. Plumbing, heating, refrigeration service and supplies
- x. Radio and transmitter towers
- y. Tire retreading
- z. Van and storage
- aa. Veterinary clinic, animal boarding
- bb. Warehouses and contractor storage yards

¹ These uses are prohibited in concert with Specific Plan 45. Any changes to such uses in Specific Plan 45 shall also apply by reference

² These uses are prohibited as primary land use, accessory uses subordinate to the primary use are allowed

EXHIBIT "C"

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Redevelopment Agency of the City of Redlands)
Attn: Agency Secretary)
35 Cajon Street, Ste 2)
P.O. BOX 3005)
Redlands, CA 92373)

(SPACE ABOVE LINE FOR RECORDER'S USE)

**MEMORANDUM OF CONDITIONAL
PROPERTY DISPOSITION AGREEMENT**

(i) Parties to Memorandum. This Memorandum of Conditional Property Disposition Agreement ("Memorandum") is dated for identification purposes only as of July 5, 2011, and is entered into by and between the Redevelopment Agency of the City of Redlands, a public body, corporate and politic ("Agency"), the City of Redlands, a general law city ("City"), and ShowProp Redlands LLC ("Developer").

(ii) Parties to Conditional Property Disposition Agreement. Agency, City and Developer have entered into that certain Conditional Property Disposition Agreement ("CPDA") dated as of July 5, 2011, for the real property described on Exhibit "A" attached hereto and incorporated herein by this reference. All of the terms, provisions and covenants of the CPDA are incorporated herein by reference, and the CPDA and this Memorandum shall be deemed to constitute a single instrument or document.

(iii) Purpose of Memorandum. This Memorandum is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the CPDA. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the CPDA, the terms, conditions and covenants of the CPDA shall prevail.

AGENCY

By: _____
Pete Aguilar, Chairperson

ATTEST:

Sam Irwin, Secretary

DEVELOPER

By: _____
George Krikorian, President

CITY

By: _____
Pete Aguilar, Mayor

ATTEST:

Sam Irwin, City Clerk

EXHIBIT "D"

Recording Requested by and)
When Recorded Mail to:)
)
Redevelopment Agency of the City of Redlands)
PO Box 3005)
Redlands, CA 92373)

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,
THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public
body, corporate and politic, of the State of California (the "Grantor"), pursuant to and in
accordance with the Community Redevelopment Law of the State of California, hereby grants to
ShowProp Redlands, LLC (the "Grantee") the real property (the "Property") legally described in
the document attached hereto and labeled Attachment "A," and which is incorporated herein by
this reference.

1. The Property is conveyed subject to the Conditional Property Disposition
Agreement entered into between the Grantor and the Grantee, dated July 5, 2011 (herein referred
to as the "Agreement"). The provisions of the Agreement are incorporated herein by this
reference and shall be deemed to be a part hereof as if set forth at length herein.

2. The Grantee covenants by and for itself, its heirs, executors,
administrators and assigns, and all persons claiming under or through them, that there shall be no
discrimination against or segregation of any person or group of persons on account of race, color,
creed, religion, sex, age, marital status, national origin or ancestry in the sale, lease, sublease,
transfer, use, occupancy, tenure or enjoyment of the Property, or through it, establish or permit
any such practice or practices of discrimination or segregation with reference to the selection,
location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the
Property.

All deeds, leases or contracts made relative to the Property, shall contain the
following discrimination clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its heirs,
executors, administrators and assigns, and all persons claiming under or through them,
that there shall be no discrimination against or segregation of any person or group of
persons on account of race, color, creed, religion, sex, age, marital status, national origin
or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of
the land herein conveyed, nor shall the grantee, itself, or any person claiming under or
through it, establish or permit any such practice or practices of discrimination or
segregation with reference to the selection, location, number, use or occupancy of

tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sublessees or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

3. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Agreements; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

4. The covenants contained in this Deed shall be binding for the benefit of the Grantor and its successors and assigns, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in full force and effect, without regard to whether the Grantor is or remains an owner of any land or interest herein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach as provided in the Agreement or by law. The covenants contained in this Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successor.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 2011.

Grantor:

REDEVELOPMENT AGENCY OF THE CITY OF
REDLANDS

By: _____
Pete Aguilar, Chairperson

Attest: _____
Sam Irwin, Secretary

The provisions of this Grant Deed are hereby approved and accepted.

Grantee:

SHOWPROP REDLANDS, LLC

By: _____
George Krikorian, President

By: _____
Secretary