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DEVELOPMENT AGREEMENT

between

KAISER FOUNDATION HOSPITALS

and

CITY OF REDLANDS

08/29/91

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EXHIBIT

"A"	LEGAL DESCRIPTION OF PROPERTY
"B"	THE PROJECT
"C"	PUBLIC INFRASTRUCTURE CONDITIONS

DEVELOPMENT AGREEMENT

(Pursuant to Government Code
Sections 65864 - 65869.5)

This DEVELOPMENT AGREEMENT ("Agreement") is entered into on September 3, 1991, between KAISER FOUNDATION HOSPITALS, A California nonprofit public benefit corporation ("Developer"), and the CITY OF REDLANDS, a municipal corporation organized and existing under the laws of the State of California ("City"). Developer and City are sometimes collectively referred to herein as the "parties."

R E C I T A L S

This Agreement is predicated upon the following facts:

A. These Recitals refer to and utilize certain capitalized terms which are defined in this Agreement. The parties intend to refer to those definitions in conjunction with the use thereof in these Recitals.

B. California Government Code ("Government Code") Sections 65864-65869.5 (collectively the "Development Agreement Law") authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development.

C. This Agreement is adopted pursuant to Government Code Section 65865.

D. Developer has entered into an agreement to purchase and is the proposed developer of approximately thirty-eight (38) acres of land as described on Exhibit "A" (the "Property"), which is located in the City.

E. Developer proposes to develop a multi-phased medical center requiring major investment in public facilities and substantial front end investment in on-site and off-site

improvements in order to make the Project (as such term is defined below) feasible.

F. The Property is located within the boundaries of the East Valley Corridor Specific Plan ("Corridor Plan") which was adopted as Ordinance No. 2086 by the City Council of the City on September 5, 1989, pursuant to the provisions of Government Code Sections 65450, et seq.

G. The City's General Plan designation for the Property is Urban Services District. The Property is located within a Special Development land use designation under the Corridor Plan and is contained entirely within a single Planned Development Envelope. Developer and City desire to provide through this Development Agreement development criteria and parameters of allowable development applicable to the Property which will provide for maximum, efficient utilization of the Property in accordance with sound planning principles and the Corridor Plan as adopted by the City.

H. Developer has requested City to consider entering into a development agreement relating to the Project and proceedings have been taken in accordance with City's rules and regulations relating to development agreements.

I. In accordance with City Municipal Code Section 18.220.100, the City Planning Commission has held a duly noticed public hearing on this Agreement and made written recommendations and findings on the Agreement to the City Council.

J. The City Council has found that this Agreement:

(a) Is consistent with the objectives, policies, general land uses and programs specified in the City's General Plan and the Corridor Plan;

(b) Is compatible with the uses authorized in, and the regulations prescribed for, the zoning district in which the Property is located;

(c) Is in conformity with and will promote public convenience, general welfare and good land use practice;

(d) Will not be detrimental to the public health, safety and general welfare;

(e) Will not adversely affect the orderly development of property or the preservation of property values; and

(f) Will promote and encourage the development of the Project by providing a greater degree of requisite certainty.

K. On September 3, 1991 the City Council of the City adopted Ordinance No. 2171, approving this Agreement with Developer.

L. City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

A G R E E M E N T

The parties agree as follows:

1. Definitions.

1.1 "Agreement" is this Development Agreement.

1.2 "Agreement Date" is the date this Agreement is approved by the City Council.

1.3 "Applicable Law of the Project" means the Corridor Plan and Concept Plan, in so far as they pertain to the Property, and all of those ordinances, resolutions, codes (except as provided in Section 12.1), rules, regulations and official policies of City governing the development and use of the Property as of the Agreement Date, including, without limitation, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property. Specifically, but without limitation, the Applicable Law of the Project shall allow Developer to develop the Project in accordance with the intensity, specifications and phasing described in Exhibit "B". To the extent any of the foregoing are amended from time to time with the consent of Developer, the Applicable Law of the Project shall include such matters as so amended.

1.4 "City" is the City of Redlands, California.

1.5 "Concept Plan" is that certain document approved on July 16, 1991 entitled Barton Center Redlands Concept Plan Number 1 and prepared and approved in accordance with Section EV1.0405 of the Corridor Plan, and as in effect as of the Agreement Date.

1.6 "Corridor Plan" is the East Valley Corridor Specific Plan adopted as City Ordinance No. 2086 and in effect as of the Agreement Date. Subsequent amendments to the Corridor Plan shall not, without the prior written consent of Developer, apply to the Project.

1.7 "Effective Date" is that date which is the later to occur of when: (a) the time for filing a referendum petition relating to this Agreement expires if no such petition is filed within such period; (b) the results of a referendum election are declared by the City Council if a referendum petition is filed within the applicable period; or (c) in the event of any legal action relating to or affecting the validity or enforceability of this Agreement or the Concept Plan, including without limitation any action challenging the approval or validity of this Agreement or the Concept Plan or any referendum related to them, the date of dismissal with prejudice of the action, or of final disposition of the action by the court and exhaustion or termination of all applicable periods for judicial review, whether by writ, appeal, or otherwise.

1.8 "Developer" is Kaiser Foundation Hospitals, a California nonprofit public benefit corporation, and its successors in interest to all or any part of the Property.

1.9 "Project" is the proposed development of the Property as a multi-phased medical center as further described in Exhibit B.

1.10 "Property" is the real property on which the Project will be located as described on Exhibit "A".

2. Exhibits. The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	The Project
C	Public Infrastructure Conditions

3. Mutual Benefits. This Agreement is entered into for the purpose of carrying out the Project in a manner that will insure certain anticipated benefits to both City, including, without limitation, residents of City, and Developer as set forth in this section. City and Developer agree that certain

assurances on the part of each party as to the Project will be necessary to achieve those desired benefits.

3.1 Benefits to City. The benefits to City (including, without limitation, the residents of City) under this Agreement include, but are not limited to: (a) improvements to roadways; (b) siting of another major medical services facility within the city; and (c) the creation of jobs within the City.

3.2 Benefits to Developer. Developer has expended and will continue to expend substantial amounts of time and money on the planning and infrastructure construction of the Project. In addition, Developer will expend substantial amounts of time and money in constructing public improvements and facilities and in providing for public services in connection with the Project. Developer would not make such additional expenditures without this Agreement and such additional expenditures will be made in reliance upon this Agreement. The benefit to Developer under this Agreement consists of the assurance that Developer will preserve the right to develop the Project.

4. Interest of Developer. Developer represents that Developer has entered into an agreement for the purchase of, and has an equitable interest in, the Property.

5. Binding Effect of Agreement. The burdens of this Agreement bind and the benefits of this Agreement inure to the successors in interest of the parties thereto.

6. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Developer is that of a government entity regulating the development of private property by the owner of such property.

7. Term. The term of this Agreement shall commence upon the Effective Date and shall continue until all permits and approvals required to complete the development of the Project have been issued, and the Project in its entirety has been approved for occupancy, provided that in no event shall such term

exceed twenty (20) years following the Effective Date of this Agreement.

8. Changes in Project. Developer shall not be entitled to any change, modification, revision or alteration in the Project relating to the permitted uses of the Property, the density or intensity of use, the maximum height and size of proposed buildings or the provision for reservation or dedication of land for public purposes without review and approval by the City. Subject to the foregoing provisions of this Section 8, City acknowledges that Developer may seek new entitlements to use and amendments to entitlements to use in connection with the development of the Project. The approval of any such amendments or new entitlements to use shall be in the sole discretion of the City in the manner described in 11.4.

9. Hold Harmless.

9.1 By Developer. Developer agrees to and shall defend, indemnify and hold harmless City, its elected officials, officers, agents, employees, and representatives from: (a) liability for damage or claims for damage for personal injury including death and claims for property damage which may arise from the activities of Developer or those of Developer's contractors, subcontractors, agents, employees or other persons acting on Developer's behalf which relate to the Project; and (b) any claims, costs and liability arising as a result of any legal action brought against City which challenges the validity of this Agreement, the Concept Plan or any City proceedings relating to the approval of either of such documents, or any of the terms and conditions herein. Nothing in this section shall be construed to mean that Developer shall hold City harmless and defend it from any claims of personal injury, death or property damage arising from, or alleged to arise from, the negligence, or any deliberately harmful act, willful or gross negligence on the part of City, its elected representatives, officers, agents and employees.

9.2 By City. City agrees to and shall hold harmless Developer, its officers, agents, employees, partners and representatives from liability for damage or claims for damage for personal injury including death and claims for property damage which may arise from the activities of City or those of City's contractors, subcontractors, agents, employees or other persons acting on City's behalf which relate to the Project.

10. Vested Right. By entering into this Agreement and relying thereon, Developer is obtaining a vested right to proceed with the Project in accordance with the Applicable Law of the

Project and City is securing certain public benefits which help to alleviate current or potential problems in City and enhance the public health, safety and welfare. Developer acknowledges and agrees that, after execution of this Agreement, subsequent discretionary reviews, actions and approvals are required for Developer's construction of the Project. Because the Project will be constructed in phases, Developer and City agree, with reference to City Municipal Code Section 18.220.260, that it is not practicable to hold the public hearing on this Agreement concurrent with all related land use approvals required for the Project. With respect to Government Code Section 65865.2, the development regulations governing subsequent discretionary actions are the Applicable Law of the Project. Upon submission by Developer of all appropriate applications for such subsequent discretionary approvals for the Project, City shall promptly commence and diligently prosecute all procedures necessary to authorize such approvals, including without limitation (a) holding all required public hearings and giving of required notice of such hearings, and (b) granting of the approval applied for, provided that it is consistent with the Project. Such subsequent approvals shall, pursuant to Corridor Plan section EV1.0405(c), consist solely of a site plan review and an architectural review by Commission Review and Approval under Redlands Municipal Code section 18.12.080 and section 18.12.160 provided, however, that approval for any helipad will be pursuant to the conditional use permit procedure in Section 18.220.010 et seq. As provided in Government Code Section 65865.2, any subsequent discretionary actions by City or any conditions, terms, restrictions and requirements for such discretionary actions by City shall not prevent the development of the Project for the uses and to the minimum density or intensity of development set forth in Exhibit B hereto. City, therefore, agrees to the following:

10.1 No Conflicting Enactments. Neither the City Council of City nor any other agency of City shall enact an ordinance, policy, rule, regulation or other measure (collectively "City Action") which relates to the rate, timing or sequencing of the development or construction of all or any part of the Project or which is otherwise in conflict with the Project as described in this Agreement. In the event any City Action is so enacted, City agrees that such City Action shall not apply to the Project to the extent that the same is in conflict with any of the express provisions of this Agreement, including without limitation the minimum development intensity, specifications, and phasing described in Exhibit B.

10.2 Intent of Parties. In addition to and not in limitation of the foregoing, it is the intent of Developer and

City that no moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project and whether or not enacted by initiative or otherwise) affecting subdivision maps, building permits, occupancy certificates or other entitlements to use approved, issued or granted within City, or portions of City, shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by citizens of City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over all or any part of this Agreement, Developer shall have no recourse against City pursuant to this Agreement, but shall retain all other rights, claims and causes of action at law or in equity which Developer may have independent of this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement. Subject to the provisions of Section 9.1, City agrees to cooperate with Developer in all reasonable manners in order to keep this Agreement in full force and effect.

10.3 Subsequent Review. All subsequent review of development of the Project shall be subject to the terms and conditions of this Agreement and the provisions of Government Code Section 65865.4 and 65866.

11. General Development of the Project.

11.1 Project. While this Agreement is in effect, Developer shall have a vested right to develop the Project in accordance with the terms and conditions of this Agreement, and City shall have the right to control the development of the Project in accordance with the terms and conditions of this Agreement. Except as otherwise specified in this Agreement, the Applicable Law of the Project shall control the overall design, development and construction of the Project. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provision for reservation and dedication of land for public purposes and other terms and conditions of development applicable to the Property shall be those set forth in the Applicable Law of the Project.

11.2 Phasing and Timing of Development. The parties acknowledge that although Developer currently anticipates that the Project will be phased and constructed in increments as shown

in Exhibit B over an approximately twenty (20) year time frame, at the present time Developer cannot ensure that such anticipated timing and order for the Project's construction will occur. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors. To the extent permitted by this Agreement, Developer shall have the right to develop the Project in phases in such order and at such times as Developer deems appropriate within the exercise of its subjective business judgment so long as the Project is constructed as an integrated medical center development as shown for the Project. The City agrees that Developer shall be entitled to apply for tentative maps, vesting tentative maps, building permits, occupancy certificates and other entitlements to use at any time, in as expeditious a manner as possible provided that such application is made in accordance with State and local law.

11.3 Effect of Agreement on Land Use Regulations. The rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings and the design, improvement and construction standards and specifications applicable to development of the Property are the Applicable Law of the Project except as provided in Section 12.1. In connection with any approval which the City is permitted or has the right to make under this Agreement relating to the Project, the City shall exercise its discretion to take action in a timely manner which complies and is consistent with the Project and the standards, terms and conditions contained in this Agreement, and in a manner which will not interfere with the development of the Project for the uses and to the height, density and intensity specified in this Agreement or with the rate of development selected by Developer. The City shall accept for processing and timely review and act on all applications for further land use entitlement approvals with respect to the Project called for or required under this Agreement in a timely manner. Such application shall be processed in the normal manner for processing such matters.

11.4 Administrative Changes and Amendments. The parties acknowledge that refinements and further development of the Project may demonstrate that changes are appropriate with respect to the details and performance of the parties under this Agreement. The parties desire to retain a certain degree of flexibility with respect to the details of the Project development and with respect to those items covered in general terms under this Agreement. If and when the parties find that changes or adjustments are necessary or appropriate, they shall, unless otherwise required by law, effectuate such changes or

adjustments through administrative amendments approved by the City Director of Community Development which, after execution, shall be attached hereto as an addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by City and Developer. The determination of whether such changes or adjustments shall be accomplished by administrative amendments or review by the Planning Commission shall be made by the City Director of Community Development, at his sole discretion. Any such administrative changes or amendments shall not be deemed to be an amendment to this Agreement under Government Code Section 65868, and unless otherwise required by law, no such administrative amendments shall require prior notice or hearing. Notwithstanding the foregoing, the following matters shall not be considered administrative changes or amendments, but shall be considered substantive amendments which shall be reviewed by the Planning Commission and approved by the City Council:

- (a) Alteration of the permitted uses of the Property;
- (b) Increase in the density or intensity of use or the number of lots;
- (c) Increase in the maximum height and size in permitted buildings;
- (d) Deletion of a requirement for the reservation or dedication of land for public purposes; and
- (e) Any amendment or change requiring a subsequent or supplemental environmental review.

11.5 Mello-Roos Community Facilities District; Other Assessment District or Financing Mechanisms. Pursuant to Chapter 2.5 (commencing with Section 53312) Part I, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," Developer may, at its sole election, petition the City Council of City to establish a Community Facilities District including the Property for the purpose of acquiring, constructing and financing through the sale of bonds the acquisition and construction of certain public facilities described in Exhibit C hereto which facilities in whole or in part are necessary to meet increased demands placed on the City as a result of the development of Developer's Property. Alternatively, or in addition thereof, Developer may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping and Lighting Act of 1972, or any and all other available financing

mechanisms to provide public financing for the construction of such public improvements. If so requested by Developer, City shall cooperate with Developer and use its best efforts in taking all steps necessary to cause the community facilities district or other entity to be formed and to issue bonds for such purposes. Developer recognizes that City may, on its own initiative and without obtaining the prior consent of Developer to do so, initiate proceedings for the formation of any community facilities district or other special tax district of the type described in this section. However, the City shall determine which of the public improvements will be financed with the proceeds of the sale of the bonds, the timing of the issuance and sale of the bonds and the amount of the bonds which will be issued and sold based on prevailing municipal financing practices and criteria, provided that City will in good faith cooperate with Developer and other property owners within the Community Facilities District and give first priority to satisfying the timing requirements of Section G of the Mitigation Monitoring Plan in such an order to allow the development of the Project and other proposed projects in accordance with the construction schedules of Developer and the other property owners.

11.6 Consistency Between This Agreement and Current Laws. City represents that there are no rules, regulations, ordinances or official policies of City enforced as of the date of execution of this Agreement that would interfere with the completion or use of the Project.

11.7 Assessments and Fees. City shall not, without the prior written consent of Developer, impose any benefit assessment, or impact fee applicable to the Property, or the development of the Project or any portion thereof, except assessments and fees imposed upon and having a benefit area consisting of land within the City boundaries and of no less than an area bounded by the Santa Ana River, Mt. View Avenue, Redlands Boulevard, and Tennessee Avenue or of general application to developments then located in the City. Fees and assessments payable to City shall be at rates applicable on the date the fee is due and payable.

11.8 Subsequent Actions. City shall timely process, in a timely manner for processing such matters, any necessary entitlements to use, including parcel maps, vesting tentative tract maps, tentative tract maps, conditional use permits, or other discretionary approvals or entitlements to use contemplated by the Project, and any grading, construction or other permits filed by Developer in accordance with the substantive development standards set forth in the Applicable Law of the Project. The term of any tentative map filed for the Property within the terms

of this Agreement shall automatically be extended for the term of this Agreement.

11.9 Approval Conditions. Developer in order to mitigate certain impacts development of the Project will have and to provide city with other benefits shall comply with the conditions contained in Exhibit C. City agrees not to impose any other conditions, fees, charges, assessments or other exactions upon any of the subsequent approvals necessary for such development, or otherwise, except as permitted in this subparagraph and Paragraphs 11.5 and 11.7 of this Agreement.

City acknowledges and agrees that for purposes of any subsequent approvals necessary for development of the Project, City has already considered the orderly development of the Project and abutting properties and has imposed all necessary dedication and improvement requirements as conditions to the approval of this Agreement as set forth in Exhibit C and that the Property is adequate in size and shape for the intended medical center and that the necessary street and highway system as augmented by such conditions is adequate to accommodate the traffic to be generated by the Project, and that the only additional conditions City may impose on such subsequent approvals will relate only to the matters specifically included in Redlands Municipal Code section 18.12.080 D.3 subparagraphs a. through g. (on-site amenities and requirements) and sections 18.12.150 and 18.12.160 (architectural review).

12. Rules, Regulations and Official Policies.

12.1 New Rules. This Agreement shall not prevent City from applying new rules, regulations and policies relating to (a) Uniform Codes including, but not limited to, the Uniform Building Code, Uniform Electrical Code, Uniform Mechanical Code and Uniform Fire Code and (b) the City's sign code, which become applicable throughout City.

12.2 New Laws. In the event that state (including any state regional agencies or districts) or federal laws or regulations, enacted after this Agreement is executed, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

12.3 Subsequent Actions and Approvals. In accordance with Government Code Section 65866, this Agreement shall not prevent City in subsequent actions applicable to the Property from applying new rules, regulations and policies which do not conflict with those existing rules, regulations and policies set forth in the Applicable Law of the Project, nor shall this Agreement prevent City from denying or conditionally approving any subsequent development project application on the basis of such new rules, regulations or policies, provided that Developer's vested right to develop the Project pursuant to section 10 above is not impaired by any such application or actions by City.

13. Amendment or Cancellation of Agreement. This Agreement may be amended or canceled in whole or in part only by: (a) mutual consent of the parties in the manner provided for in Government Code Section 65868; or (b) by the City Council of the City in accordance with the provisions of City Municipal Code Section 18.220.230.

14. Enforcement. Unless amended or canceled as provided in Section 13, or modified or suspended pursuant to Government Code Section 65869.5, and except as otherwise provided in Government Code Section 65865.3(b), this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, subdivision or building regulation or other applicable law or regulation adopted by City (or by the voters of City) unless found by a court of competent and final jurisdiction to prevail over this Agreement.

15. Periodic Review of Compliance With Agreement.

15.1 Periodic Review. City and Developer shall review this Agreement at least once every twelve (12) months from the date this Agreement is executed in accordance with the provisions of City Municipal Code Section 18.220.180. The cost of such periodic review shall be borne by Developer pursuant to a City ordinance providing for the same.

15.2 Good Faith Compliance. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Each party agrees to furnish such reasonable evidence of good faith compliance as the other party, in the exercise of its reasonable discretion, may require.

16. Events of Default.

16.1 Default by Developer. If City determines on the

basis of substantial evidence that Developer has not complied in good faith with the terms and conditions of this Agreement, City shall, by written notice to Developer, specify the manner in which Developer has failed to so comply and state the steps Developer must take to bring itself into compliance. If, within ninety (90) days after the effective date of notice from City specifying the manner in which Developer has failed to so comply, Developer does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then Developer shall be deemed to be in default under the terms of this Agreement and City may cancel this Agreement in accordance with the provisions of City Municipal Code Section 18.220.230.

16.2 Default by City. If Developer determines on the basis of substantial evidence that City has not complied in good faith with the terms and conditions of this Agreement, Developer shall, by written notice to City, specify the manner in which City has failed to so comply and state the steps City must take to bring itself into compliance. If, within ninety (90) days after the effective date of notice from Developer specifying the manner in which City has failed to so comply, City does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then City shall be deemed to be in default under the terms of this Agreement and Developer may terminate this Agreement or seek specific performance as set forth in Section 16.3.

16.3 Specific Performance Remedy. Due to the nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, Developer may be foreclosed from other choices it may have had to utilize the Property and provide for other benefits. Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more substantial time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Developer for such efforts. For the above reasons, City and Developer agree that damages would not be an adequate remedy if City fails to carry out its obligations under this Agreement. Therefore, specific performance of this Agreement is the only remedy which would compensate Developer if City fails to carry out its obligations under this Agreement, and City hereby agrees that Developer shall be entitled to specific performance in the event of a default by City hereunder. Notwithstanding the

foregoing, nothing in this Agreement is intended to deprive Developer from recovering appropriate damages in the event that the terms of this Agreement are breached. City and Developer acknowledge that, if Developer fails to carry out its obligations under this Agreement, City shall have the right to refuse to issue any permits or other approvals which Developer would not otherwise have been entitled to pursuant to this Agreement. Therefore, City's remedy of terminating this Agreement shall be sufficient in most circumstances if Developer fails to carry out its obligations hereunder. Notwithstanding the foregoing, if City issues a permit or other approval pursuant to this Agreement in reliance upon a specified condition being satisfied by Developer in the future, and if Developer then fails to satisfy such condition, City shall be entitled to specific performance for the sole purpose of causing Developer to satisfy such condition. The City's right of specific performance shall be limited to those circumstances set forth above, and City shall have no right to seek specific performance to cause Developer to otherwise proceed with the development of the Project in any manner.

17. Institution of Legal Action. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default, or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court for San Bernardino County, California.

18. Waivers and Delays.

18.1 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

18.2 Third Parties. Nonperformance shall not be excused because of a failure of a third person except as provided in Section 18.3 below.

18.3 Force Majeure. Neither party shall be deemed to be in default or failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations other than City's or other causes beyond either of

the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by Developer of any of its obligations hereunder shall be extended by the period of time that such events prevent a construction of the Project.

19. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

TO CITY: City of Redlands
 30 Cajon
 P.O. Box 3005
 Redlands, California 92373
 Attn: City Manager and
 Community Development Director

TO DEVELOPER: Kaiser Foundation Hospitals
 Walnut Center
 393 Walnut Street
 Pasadena, California 91188
 Attn: Acquisitions Manager

Either party may change the address stated herein by giving notice, in writing, to the other party and thereafter notices shall be addressed and submitted to the new address.

20. Attorney's Fees. In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement, the prevailing party shall, in addition to any costs or other relief, be entitled to an award of its reasonable attorney's fees.

21. Transfers and Assignments.

21.1 Right to Assign. Developer shall have the right to sell, assign or transfer this Agreement, and any and all of its rights, duties and obligations hereunder, to any person or entity at any time during the term of this Agreement, provided, however, in no event shall the rights, duties and obligations conferred upon Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of Developer in the Property, or portion thereof, so transferred. In the event of any such assignment, either the transferee or Developer shall be liable for the performance of all obligations of Developer. The Developer shall notify City in writing of the transfer of such obligations within thirty (30) days of the effective date of the transfer.

21.2 Release Upon Transfer. Upon the sale, transfer or assignment of Developer's rights and interest under this Agreement as permitted pursuant to Section 21.1, Developer shall be released from its obligations under this Agreement or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred provided that: (a) Developer is not then in default under the Agreement; (b) Developer or transferee has provided the City notice of such transfer; and (c) the transferee executes and delivers to City a written agreement in which: (i) the name and address of the transferee is set forth; and (ii) the transferee expressly and unconditionally assumes all of the obligations of Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

22. Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending such action. Except as provided in Section 9.1, each party shall pay its own expenses in connection with such defense. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force and effect while such litigation, including any appellate review, is pending.

23. Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City of its power of eminent domain.

24. Authority to Execute. The person or persons executing this Agreement on behalf of Developer warrant and represent that they have the authority to execute this Agreement on behalf of their corporation, partnership or business entity and warrant and represent that they have the authority to bind Developer to the performance of its obligations hereunder.

25. Recordation. This Agreement and any amendment or cancellation hereto shall be recorded in the Office of Official Records of the County of San Bernardino, by the City Clerk within the period required by Section 65868.5 of the Government Code.

26. Protection of Mortgage Holders. Developer and City agree that this Agreement shall not prevent or limit Developer, in any manner, at Developer's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. City acknowledges that the lenders providing such financing ("Mortgagees") may require

certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with Developer and representatives of such Mortgagees to negotiate in good faith any such request for interpretation or modification. City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of all or any portion of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on all or any portion of the Property made in good faith and for value, unless otherwise required by law.

(b) Any Mortgagee of a mortgage or deed of trust encumbering all or any portion of the Property which has submitted a request in writing to the City in the manner specified herein for giving notices shall be entitled to receive written notification from City of any default by Developer in the performance of Developer's obligations under this Agreement.

(c) If City timely receives a request from a Mortgagee requesting a copy of any notice of default given to Developer under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to Developer. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

(d) Any Mortgagee who comes into possession of all or any portion of the Property, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of Developer's obligations or other affirmative covenants of Developer hereunder, or to guarantee such performance; provided, however, that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of Section 21 of this Agreement.

27. Severability of Terms. If any term, provision, covenant or condition of this Agreement shall be determined

invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

28. Subsequent Amendment to Authorizing Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, to the extent the subsequent amendment to the Government Code would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 as in effect on the Agreement Date.

29. Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

30. Incorporation of Recitals and Exhibits. Recitals A through L and attached Exhibits "A", "B", and "C" are hereby incorporated herein by this reference as though fully set forth.

31. Rules of Construction and Miscellaneous Terms.

31.1 Gender. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

31.2 Time of Essence. Time is of the essence regarding each provision of this Agreement in which time is an element.

31.3 Cooperation. Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

32. Incorporation of Conditions from Environmental Review. In accordance with City Municipal Code Section 18.220.070B, at the time City approves this Agreement those conditions and mitigation measures imposed on the Project by City to eliminate or reduce to a level of insignificance any adverse impacts resulting from the Project are hereby incorporated by this reference into this Agreement. No building permit or other development permit shall be issued for the Project unless all conditions and mitigation measures that are required to have been complied with by that time are satisfied. For purposes of this section, "compliance" shall be determined by reference to the

Mitigation Monitoring Plan adopted by City for the Project on July 16, 1991.

33. Liability Insurance. In addition to its obligations under the provisions of Section 9.1 hereof, Developer agrees that any policy of liability insurance (which policy may include coverage of bodily injury liability and property damage liability) which Developer maintains in force with respect to the construction of the Project shall contain an additional insured endorsement naming City, its elected officials, officers, agents and employees as additional insureds. Such insurance shall be primary and non-contributing with respect to any insurance or self-insurance maintained by the City. Coverage shall be evidenced by a Certificate of Insurance in a form satisfactory to City, which shall be delivered to City prior to the commencement by Developer of any construction on the Property.

34. Security for Developer's Performance. In order to assure City that Developer will perform its obligations hereunder with respect to offsite improvements constructed by Developer within the public right of way, Developer agrees that, prior to the commencement by Developer of construction of each item of such offsite improvements, Developer will obtain and furnish to City a set aside letter, bond or other security instrument covering such item of off-site improvements issued by Developer's lender, or any other person or entity reasonably acceptable to City ("The Security Device"). The Security Device shall be: (a) in such amount as the parties hereto may then agree which amount shall in no event exceed 125% of the estimated cost of such offsite improvement; (b) in form and content reasonably acceptable to City; and (c) delivered to City prior to commencement of construction of each item of such offsite improvements. Upon completion of construction and acceptance by City of each item of such offsite improvement, City will release to Developer the Security Device. The provisions of this section shall not apply to offsite improvements constructed pursuant to the provisions of section 11.5 hereof.

The parties have executed this Development Agreement on the day and year first written above.

KAISER FOUNDATION HOSPITALS, a
California nonprofit public
benefit corporation.

By: Hugh A. Jones
Hugh A. Jones
Its: Senior Vice
President

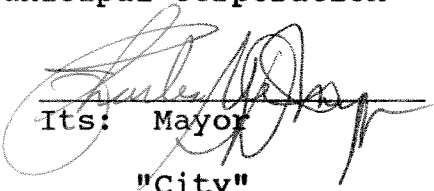
91-454225

By: 

Sandra H. Cox
Its: Assistant Secretary
and Regional Counsel

"Developer"

CITY OF REDLANDS,
a municipal corporation

By: 

Its: Mayor

"City"

Signed and Certified that a copy
of this document has been delivered
to the Mayor of the City

By: 

City Clerk

Approved as to its form:

By: Best, Best & Krieger

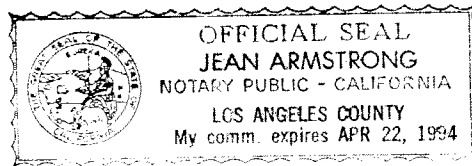
By: 

City Attorney

91-454225

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

On this 18th day of NOVEMBER, 1991, before me, JEAN ARMSTRONG, a Notary Public in and for said County and State, personally appeared HUGH A. JONES and SANDRA H. COX, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Senior Vice President and Assistant Secretary of KAISER FOUNDATION HOSPITALS, a California nonprofit public benefit corporation, the corporation that executed the within instrument and acknowledged to me that said corporation executed it.

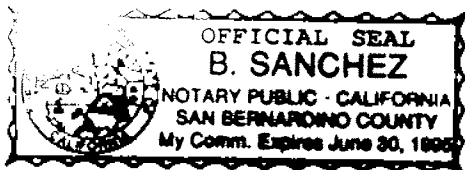


Jean Armstrong
Notary Public in and for said
County and State

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.

On this 21st day of November, 1991, before me, B. Sanchez, a Notary Public in and for said County and State, personally appeared Charles G. De Mirjyn, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as Mayor of the City of Redlands and acknowledged to me that the City of Redlands executed it.

WITNESS my hand and official seal.



B. Sanchez
Notary Public in and for said
County and State

EXHIBIT A

91-454225

LEGAL DESCRIPTION OF PROPERTY

All that certain real property located in the City of Redlands, County of San Bernardino, State of California, described as follows:

THAT PORTION OF LOTS 1, 2, 3, 4, 18, 19, AND 20 OF THE ORANGE GROVE HOMESTEAD, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 5, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 24 OF SAID ORANGE GROVE HOMESTEAD; THENCE NORTH 89 DEGREES 29' 09" EAST 489.93 FEET ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF SAN BERNARDINO AVENUE AND THE NORTHERLY LINE OF SAID LOT 24; THENCE, DEPARTING SAID RIGHT-OF-WAY LINE SOUTH 00 DEGREES 30' 51" EAST 627.57 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 500.00 FEET; A RADIAL LINE TO SAID BEGINNING BEARS NORTH 00 DEGREES 30' 51" WEST; THENCE EASTERLY AND SOUTHEASTERLY 392.70 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00' 00"; THENCE SOUTH 45 DEGREES 30' 51" EAST 213.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 500.00 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY 392.70 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00' 00" TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTHERLY AND SOUTHWESTERLY 392.70 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00' 00"; THENCE SOUTH 44 DEGREES 29' 09" WEST 213.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 500.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY 392.70 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00' 00"; THENCE SOUTH 00 DEGREES 30' 51" EAST 635.14 FEET TO THE SOUTHERLY LINE OF SAID LOT 4; THENCE NORTH 89 DEGREES 25' 45" EAST 1558.74 FEET ALONG SAID SOUTHERLY LINE OF SAID LOTS 1, 2, 3 AND 4, SAID SOUTHERLY LINE ALSO BEING THE NORTHERLY RIGHT-OF-WAY LINE OF LUGONIA AVENUE TO THE SOUTHEAST CORNER OF SAID LOT 1; THENCE NORTH 00 DEGREES 26' 28" WEST 1284.80 FEET ALONG THE WESTERLY RIGHT-OF-WAY OF CALIFORNIA STREET, SAID WESTERLY RIGHT-OF-WAY LINE ALSO BEING THE EASTERLY LINE OF SAID LOTS 1 AND 20; THENCE DEPARTING FROM SAID RIGHT-OF-WAY LINE SOUTH 89 DEGREES 29' 09" WEST 909.18 FEET TO THE TRUE POINT OF BEGINNING.

THE PROPERTY IS FURTHER DEPICTED AS PARCEL 6 ON PAGE 16 OF EXHIBIT "C" HEREOF.

EXHIBIT A

EXHIBIT B

PROJECT

- I. Site Development And Phasing. The project proposal includes the following; all figures are minimum entitlements, and sizes are gross square feet.

Phase 1.

- (a) One Medical Office Building
Size: Up to 190,000 square feet
Height: Up to 5 stories and basement, but overall height is not to exceed 125 ft. including mechanical penthouse.
- (b) One Central Facilities Plant
Size: Approximately 20,000 square feet
Height: One story, 25 feet overall.
- (c) Surface Parking: 1,183 parking spaces.

Estimated time to start construction: January, 1993.
Estimated time to complete construction: June, 1994.

Phase 2.

- (d) One Administration Building
Size: Approximately 100,000 square feet
Height: Up to 5 stories and basement, but overall height is not to exceed 125 ft. including mechanical penthouse.
- (e) One 227-Bed Hospital Building (including 10 Neonatal ICU bassinets)
Size: Approximately 520,000 square feet
Height: Up to 6 stories plus basement, but overall height is not to exceed 130 ft. including mechanical penthouse and helipad (CUP will be required for helipad).
- (f) Parking Structure and Surface Parking:
2800 parking spaces (cumulative).

Estimated time to start construction: January, 1996.
Estimated time to complete construction: January, 2000.

Phase 3.

- (g) 216-Bed Hospital Expansion (including 24 neonatal ICU bassinets)
Size: Approximately 281,000 square feet
Height: Up to 6 stories and basement, but overall height is not to exceed 130 ft. including mechanical penthouse and helipad.
- (h) Additional Medical Office Building
Size: Approximately 130,000 square feet
Height: Up to 5 stories and basement, but overall height is not to exceed 125 ft. including mechanical penthouse.
- (i) Additional Administrative Office Building
Size: Approximately 60,000 square feet
Height: Up to 5 stories and basement, but overall height is not to exceed 125 ft. including mechanical penthouse.
- (j) Central Facility Plant Expansion
Size: Approximately 20,000 square feet
Height: One story, 25 feet overall.
- (k) Parking Structure and Surface Parking:
5,800 spaces (cumulative).

Estimated times for commencement and Completion of Construction in Phase 3 are dependant on membership growth.

Total size for all phases: 1,321,000 gross square feet.

II. Floor/Area Ratios

- A. City acknowledges that the building intensity for the Project of 1,321,000 gross square feet, including an estimated gross leasable square feet of 801,000 as measured according to the Concept Plan, is below the maximum .60 FAR permitted.

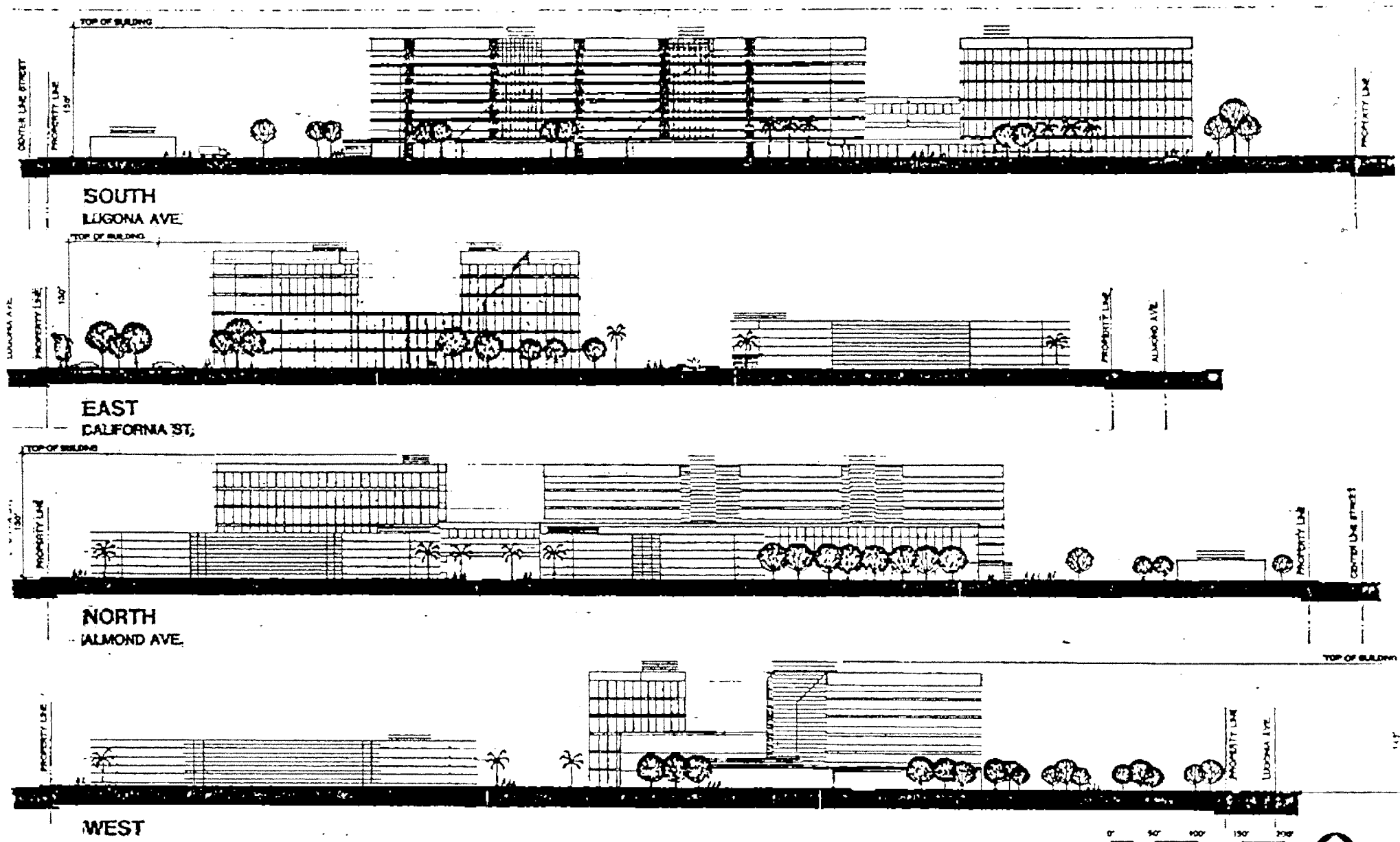
III. Protection of Mountain Vista

- A. City has reviewed the building elevations attached hereto and considered the extent of impairment of the mountain vista as viewed from the I-10 freeway caused by the Project and the restriction in the Concept Plan regarding this subject. Due to the City's ability to

enforce the Concept Plan's requirements by restrictions imposed on the remaining Property within the Barton Center, Kaiser shall be entitled to construct the Project and cause a mountain view blockage to the maximum percentage represented by the building elevations, notwithstanding that the blockage may exceed 50 percent if considering only the Kaiser parcel and not the entire Barton Center frontage from Mountain View to California streets.

IV. Setback Requirements

- A. The Concept Plan in Section 3.B.4.d provides that the minimum building setback for front yards is 25 feet for the Project. City agrees that 25 feet shall be the maximum setback for along "B" Street and Almond Street and the portion of "D" Street between "B" and Almond streets and that the maximum setback along Lugonia and California streets shall be 30 feet. City shall not impose any setback greater than these maximums, provided that the setback will be increased 1/2 foot for every 1 foot of building height above 75 feet up to a maximum setback of 50 feet.



KAISER FOUNDATION HOSPITALS
REDLANDS, CALIFORNIA

BLOCKING ELEVATIONS

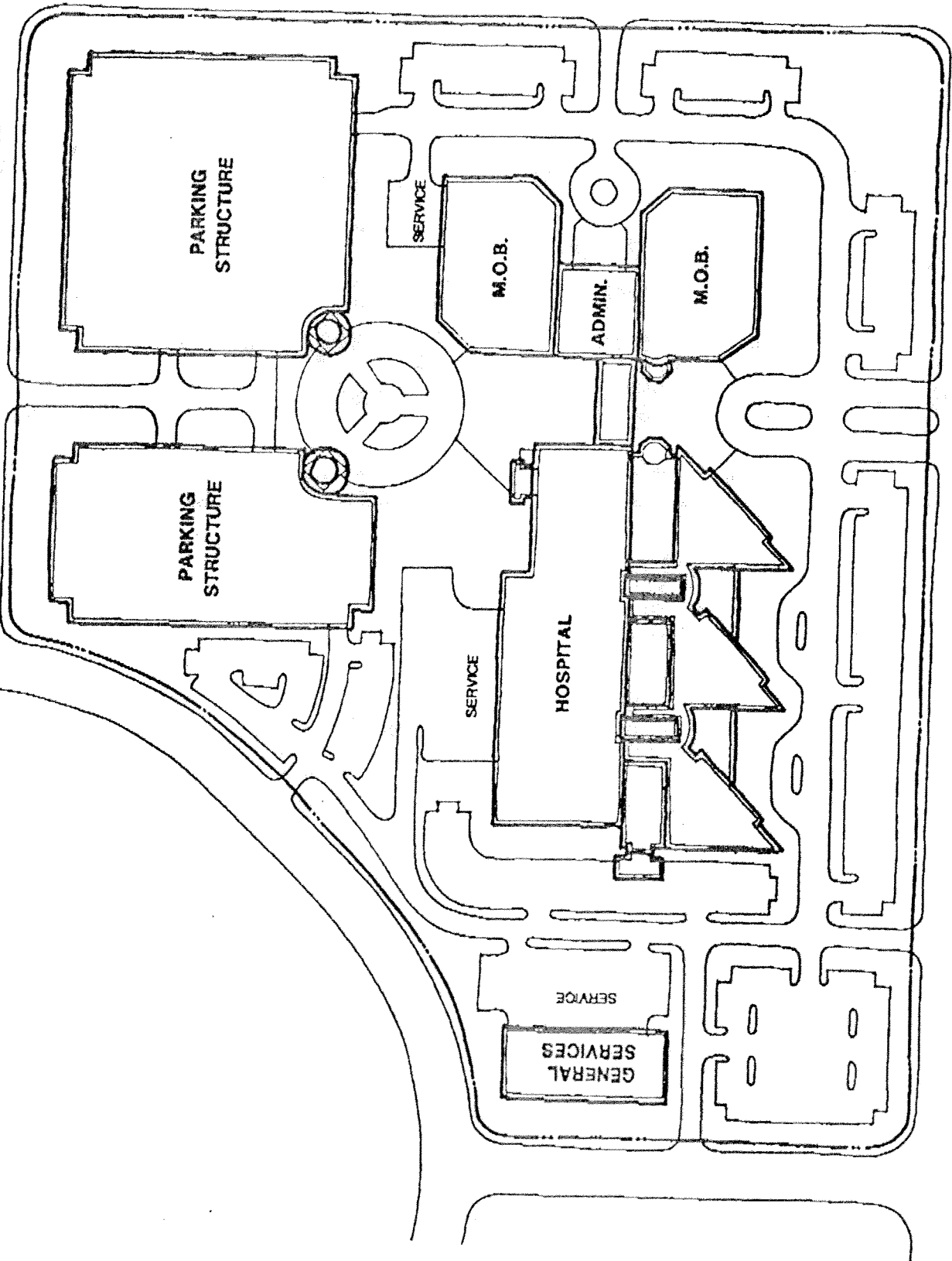
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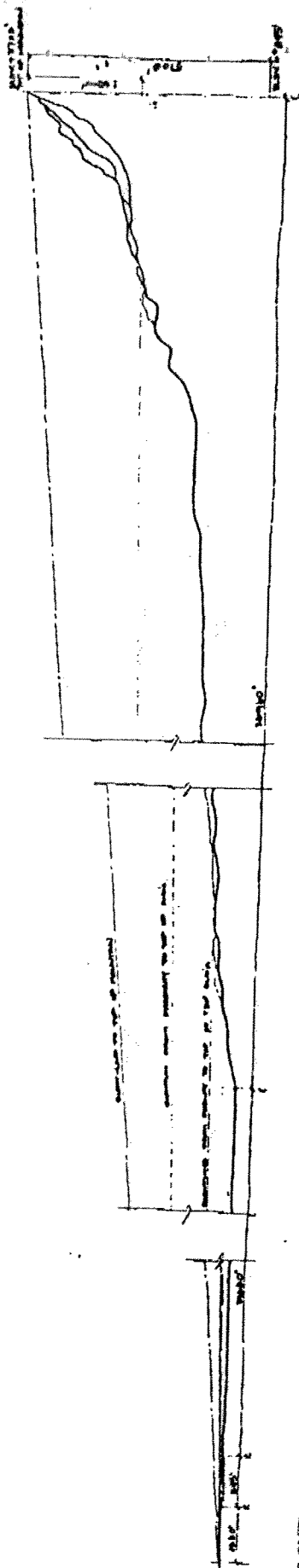
CALIFORNIA STREET

ALMOND AVENUE

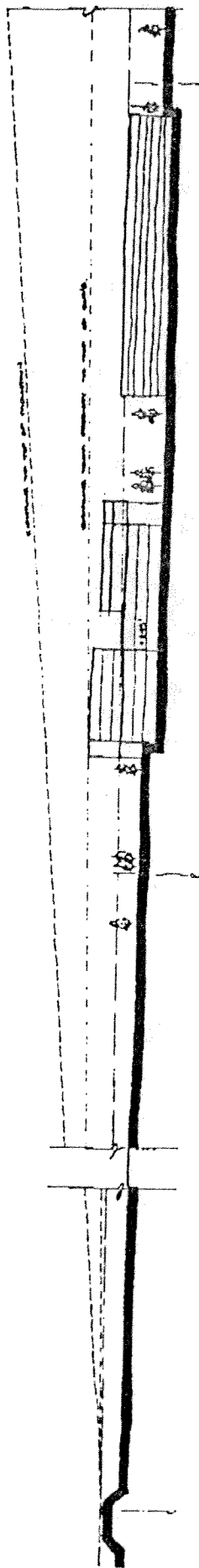
LUGONIA AVENUE



KAISER REDLANDS MEDICAL CENTER

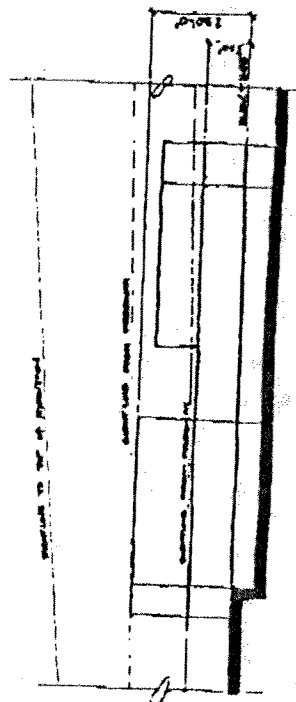


VIEW TO MOUNTAINS

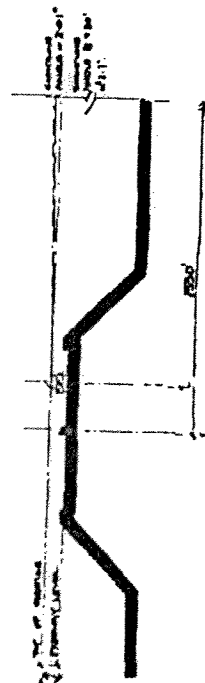


VIEW FROM FREEWAY

91-454225



SIGHTLINE AT BUILDING



VIEW POINT

 **KAISER REDLANDS MEDICAL CENTER**
REDLANDS CALIFORNIA

HMC GROUP

04/1991

PUBLIC INFRASTRUCTURE CONDITIONSBARTON CENTER REDLANDS

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
A. <u>MOUNTAIN VIEW AVENUE</u> - San Bernardino Avenue to Victoria Avenue						
1) Dedicate 10.75 feet to provide for a 52 foot half street easterly of street centerline.	X					
2) Construct standard curb and gutter 40 feet easterly of street centerline.	X					
3) Construct standard street section between new curb and street centerline.	X					
4) Use traffic index of 9.0.	X					
5) Install water mains as required by the Public Works Department.	X					
6) Install master storm drain between Victoria Avenue and San Bernardino Avenue as required by the Public Works Department.	X					X
B. <u>MOUNTAIN VIEW AVENUE</u> - Victoria Avenue to South property line.						
1) Dedicate 10.75 feet to provide for a 52 foot half street easterly of street centerline.		X				

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
2) Construct standard curb and gutter 40 feet easterly of street centerline.		X				
3) Construct standard street section between new curb and street centerline.		X				
4) Use traffic index of 9.0.		X				
5) Install water mains as required by the Public Works Department.		X				
6) Install master storm drain between Victoria Avenue and San Bernardino Avenue as required by the Public Works Department.		X				X
C. <u>LUGONIA AVENUE WEST OF B STREET TO SOUTHERLY TERMINUS OF STREET E</u>						
1) Between B Street and Bryn Mawr, dedicate to provide for a 52 foot half street northerly of street centerline.	X					
2) Between B Street and Bryn Mawr, construct standard curb and gutter 40 feet northerly of street centerline.	X					
3) Between Bryn Mawr Street and Victoria Avenue, dedicate to provide for a 104 foot street.	X					

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
4) Between Bryn Mawr Street and Victoria Avenue, construct standard curb and gutter of 40 feet each side of centerline.	X					
5) Between Victoria Avenue and Research Street, dedicate to provide for a 66 foot street.	X					
6) Between Victoria Avenue and Research Street, construct standard curb and gutter 26 feet each side of street centerline.	X					
7) Between Research Street and east side of Southern California Edison easement, dedicate to provide for a 33 foot half street.	X					
8) Between Research Street and east side of Southern California Edison easement, construct standard curb and gutter 26 1/2 feet northerly of street centerline.	X					
9) Between east side of Southern California Edison easement and west boundary of parcel 10 of the Concept Plan, dedicate to provide for a 33 foot half street.		X				

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
10) Between east side of Southern California Edison easement and west boundary of parcel 10 of the Concept Plan, construct standard curb and gutter 26 1/2 feet northerly of street centerline.		X				
11) Construct standard street section between curb and street centerline.	X	X				
12) Use traffic index of 9.0.	X	X				
13) Install master storm drain as required by the Public Works Department.	X	X				X
D. <u>LUGONIA AVENUE EAST OF B STREET TO CALIFORNIA</u>						
1) Dedicate to provide for a 52 foot half street northerly of street centerline.			X			
2) Construct standard curb and gutter 40 feet northerly of street centerline.			X			
3) Construct standard street section between curb and street centerline.			X			
4) Use traffic index of 9.0.			X			

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
5) Install master storm drain as required by the Public Works Department.			X			X
E. <u>VICTORIA AVENUE FROM EAST SIDE OF SOUTHERN CALIFORNIA EDISON EASEMENT TO ITS INTERSECTION WITH LUGONIA AVENUE</u>						
1) Dedicate to provide for a 104 foot street between Bryn Mawr Avenue and West side of Southern California Edison easement.	X					
2) Construct standard curb and gutter 40 feet each side of street centerline.	X					
3) Construct standard street section between new curbs.	X					
4) Use traffic index of 9.0.	X					
5) Install master storm drains as required by the Public Works Department.	X					X
F. <u>VICTORIA AVENUE EAST OF MOUNTAIN VIEW TO EAST SIDE OF SOUTHERN CALIFORNIA EDISON EASEMENT</u>						
1) Dedicate to provide for a 104 foot street between West side of Southern California Edison easement and Mountain View.	X	X				

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
2) Construct standard curb and gutter 40 feet each side of street centerline.	X	X				
3) Construct standard street section between new curbs.	X	X				
4) Use traffic index of 9.0.	X	X				
5) Install master storm drain as required by the Public Works Department.	X	X				X
G. <u>SAN BERNARDINO AVENUE</u>						
1) Dedicate 18.75 feet to provide for 60 foot half street southerly of street centerline including a sidewalk easement.	X					
2) Construct standard curb and gutter 52 feet each side of street centerline.	X					
3) Construct standard street section between new curb and street centerline.	X					
4) Use traffic index of 9.0.	X					
5) Install water mains as required by the Public Works Department.	X					
6) Install sewer mains as required by the Public Works Department.	X					

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
7) Install master storm drain as required by the Public Works Department.	X					X
H. <u>CALIFORNIA STREET - ALMOND AVENUE TO SAN BERNARDINO AVENUE</u>						
1) Dedicate 23.75 feet to provide for 65 foot half street westerly of street centerline.	X					
2) Construct standard curb and gutter 59 feet westerly of street centerline including a raised median island.	X					
3) Construct standard street section between new curb and street centerline.	X					
4) Provide one lane of traffic northbound and one lane of traffic southbound.	X					
5) Obtain right-of-way as necessary to provide two lanes of traffic northbound and two lanes of traffic southbound.	X					
6) Construct standard street section to provide two lanes of traffic northbound and two lanes of traffic southbound.	X					

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
7) If Barton has not performed 5) and 6) above as of the date Kaiser commences Phase 2, then Kaiser shall perform 5) and 6) as a condition to Kaiser - Phase 2.				X		
I. <u>CALIFORNIA STREET - ALMOND AVENUE TO LUGONIA AVENUE</u>						
1) Dedicate 23.75 feet to provide for 65 foot half street westerly of street centerline.			X			
2) Construct standard curb and gutter 59 feet westerly of street centerline including a raised median island and 10 feet easterly of street centerline.			X			
3) Construct standard street section between new curb and street centerline.			X			
4) Provide one lane of traffic northbound and one lane of traffic southbound.			X			
5) Obtain right-of-way as necessary to provide two lanes of traffic northbound and two lanes of traffic southbound.				X		

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
6) Construct standard street section to provide two lanes of traffic northbound and two lanes of traffic southbound.				X		
J. <u>CALIFORNIA STREET - LUGONIA AVENUE TO EASTBOUND I-10 RAMPS</u>						
1) Restripe to provide one lane of traffic northbound and one lane of traffic southbound.			X			
2) Widen street to provide two lanes of traffic northbound and two lanes of traffic southbound.				X		
K. <u>CALIFORNIA STREET - MISCELLANEOUS</u>						
1) Use traffic index of 9.0	X		X			
2) Install water main as required by the Public Works Department.	X		X			
3) Install sewer mains as required by the Public Works Department.	X		X	X		
4) Restrict all driveways to right-turns only.	X		X	X	X	
L. <u>STREETS A, B, C, D AND ALMOND AVENUE</u>						
1) Dedicate to provide for 88 foot street	X					

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
2) Construct standard curb and gutter 32 feet each side of street centerline.	X			X		
3) Construct standard street section between new curbs.	X			X		
4) Use traffic index of 9.0.	X			X		
5) Install water mains as required by the Public Works Department.	X			X		
6) Install sewer mains as required by the Public Works Department.	X			X		
7) Install master storm drain as required by the Public Works Department.	X			X		X
M. <u>STREET E</u>						
1) Dedicate to provide for 66 foot street.		X				
2) Construct standard curb and gutter 26 feet each side of street centerline.		X				
3) Construct standard street section between new curbs.		X				
4) Use traffic index of 8.0.		X				
5) Install water mains as required by the Public Works Department.		X				
6) Install sewer mains as required by the Public Works Department.		X				

(EXHIBIT "C")

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
N. <u>GENERAL CONSTRUCTION REQUIREMENTS</u>						
1) Construct standard sidewalk along street frontage including handicapped ramps at curb returns.	X	X	X	X	X	
2) Install sodium vapor ornamental street lights per spacing for Public Works Engineering Administration standard specifications.	X	X	X	X	X	
3) Install street name sign posts as required.	X	X	X	X	X	
4) Install non-potable water systems for landscape irrigation use as required by the Public Works Department. Specific requirements will be determined at the time of future development.	X	X	X	X	X	
5) Install separate domestic and irrigation services to each lot as required by the Public Works Department. If any lot is further subdivided, additional domestic and irrigation services shall be installed to each new lot created.	X	X	X	X	X	

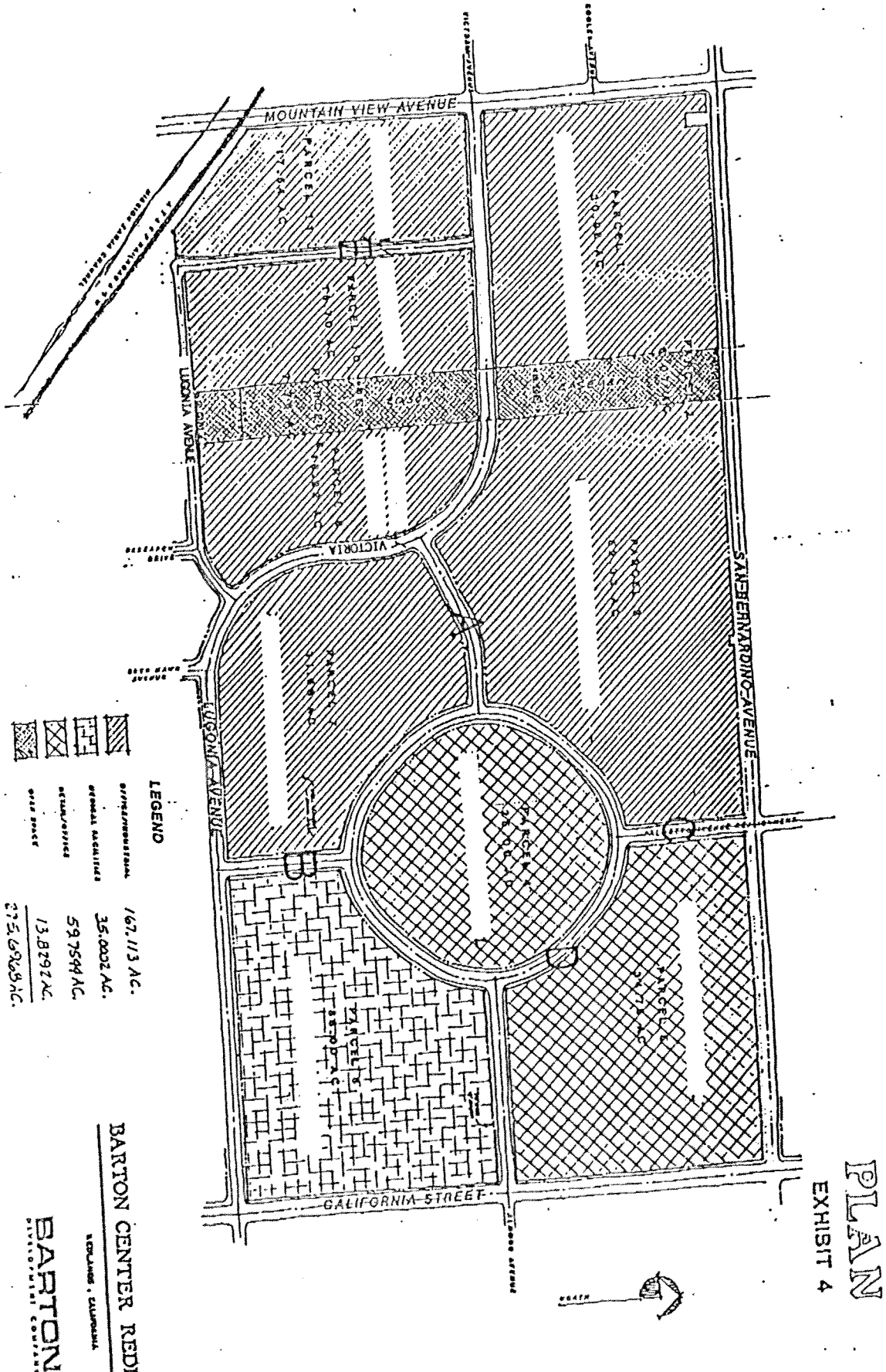
	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
6) Install Fire Hydrants as required by the City of Redlands Fire Department.	X	X	X	X	X	
7) Install sewer laterals to the property line of each lot as required by the Public Works Department.	X	X	X	X		
8) All active irrigation lines in the street right-of-way shall be replaced with either steel or C-900 PVC Pipe.	X	X	X			
0. <u>GENERAL CONSTRUCTION FEE REQUIREMENTS</u>						
1) Pay for street name signs and pay for stop signs as required.	X	X	X	X	X	
2) Pay the Watermain Frontage charge on a dollar per foot of frontage basis on Lugonia Avenue as a condition to the Final Approval.	X	X	X			
3) Pay the Sewermain Frontage Charge on a dollar per foot of frontage basis as a condition of Final Approval for Mountain Avenue, Lugonia Avenue, San Bernardino Avenue.	X	X	X			

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
P. <u>GENERAL BUILDING CONSTRUCTION FEE REQUIREMENT</u>						
1) Pay the Water Source Acquisition Charge on a dollar per 100 cu. ft. estimated monthly consumption basis as a condition of approval of an application for a water connection prior to meter installation. The fees will be reviewed at the time of Building Permit issuance and fees will be based on specific uses proposed.	X	X	X	X	X	
2) Pay the Water Capital Improvement Charge on a dollar per 100 cu. ft. estimated monthly consumption basis as a condition of approval of application for a meter connection prior to meter installation. The fees will be reviewed at the time of Building Permit issuance and fees will be based on specific uses proposed.	X	X	X	X	X	
3) Pay the Sewer Capital Improvement Charge on a 100 gpd estimated flow basis as a condition of issuance of the Building Permit. The fees will be reviewed at the time of building permit issuance based on specific uses proposed.	X	X	X	X	X	

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
Q. <u>INSTALLATION OF TRAFFIC SIGNALS AS PROVIDED IN SECTION G.3. OF THE PROJECT MITIGATION MONITORING PROGRAM</u>						
1) Install traffic signals at California Street and San Bernardino Avenue.	X			X		
2) Install traffic signals at California Street/Almond Avenue.	X		X			
3) Install traffic signals at California Street/Lugonia Avenue.	X		X			
4) Install traffic signals at California Street/Westbound I-10 ramps.	X	X		X		
5) Install traffic signals at California Street/Eastbound I-10 ramps.	X	X		X		
6) Install traffic signals at Mountain View Avenue/Lugonia Avenue.		X				
7) Install traffic signals at Lugonia Avenue/Research Park Drive (West Parcel 4).	X					
8) Install traffic signals at Lugonia Avenue/Bryn Mawr.	X					

	BARTON	THE GLORIOUS REDLAND INVESTMENT PARTNERSHIP,	KAISER - PHASE 1	KAISER - PHASE 2	KAISER - PHASE 3	REGIONAL INFRASTRUCTURE
9) Install traffic signals at Lugonia Avenue/South Parcel 4 Road.	X					
10) Install traffic signals at San Bernardino Avenue/Mountain View Avenue.	X	X			X	
R. <u>COMPLY WITH THE PROVISIONS OF SECTION G.4 OF PROJECT MITIGATION MONITORING PROGRAM</u>	X	X	X	X	X	X

Map of area is attached hereto as Page 16.



A. NOTES TO EXHIBIT "C"

1. For certain public improvements or facilities (described in this exhibit or in the Project's Mitigation Monitoring Program, which is hereby incorporated herein by this reference) a reimbursement agreement shall be executed by the City and the Developer when (a) a Benefit Zone Study prepared pursuant to Section G of the Project's Mitigation Monitoring Program shows that property in addition to the Property is benefitted by the improvements or facilities, or (b) Developer is entitled to reimbursement pursuant to City ordinances, resolutions and policies, e.g., reimbursement for certain water, sewer and storm drain facilities. Such Agreements (which will be substantially identical to Exhibit C1 attached hereto and incorporated herein by this reference) will provide for Developer's reimbursement from impact fees imposed by City on other benefitted properties as they are developed and will be for a term of thirty (30) years.
2. Developer is responsible for those infrastructure items where there is an "X" in the columns designated with Developer's name and no "X" in the Regional Infrastructure column. The costs of such items will be paid by Developer and shall be subject to a reimbursement agreement with the City as provided in Section G of the Project's Mitigation Monitoring Program. Where there are 2 or more "X's" on any line item, the costs of the improvements or facilities will be allocated among each Developer on such reasonable basis as they may agree.
3. Where there is an "X" in Developer's column and in the "Regional Infrastructure" column, the item is anticipated to be constructed through a community facilities district, assessment district, or other public financing mechanism in which Developer will participate. If no such district or mechanism is formed, Developer will be responsible only for Developer's "Fair Share" of the cost of such items.
4. The cost of any improvements identified in the City's Master Street Improvement Plan constructed by Developer or any assessments or CFD taxes to be paid therefor by Developer will offset applicable City fees, dollar for dollar, pursuant to the City's Traffic Impact Fee Ordinance.
5. The master plan storm drain is designated as a regional infrastructure improvement and its cost will be offset against the City's drainage acreage fees the same as per paragraph 4 above.

6. Medians in California Street between San Bernardino Avenue and I-10 will not be required unless the full improvements are constructed.
7. The condition to obtain right-of-way as necessary to provide traffic improvements adjacent to property that is not owned by either Barton, Kaiser or Glorious Redland Investment Partnership will require the City to condemn the property if necessary. The costs of such condemnation proceedings will be allocated among Barton, Kaiser or Glorious Redland on an equitable basis.
8. Of the interior streets, Kaiser is only responsible for half width improvements of "B" Street, Almond, and "D" Street from Almond to "B" Street.
9. The general construction requirements apply to the property frontage only. Whoever develops first will be responsible for the cost of street lights on their interior street frontage. Because it benefits the property across the street, reimbursement agreement will be executed for this expense.
10. Developer will construct two (2) water lines in all the streets, one for domestic water and one for irrigation water. Potable water will be used for both domestic service and fire protection because there is insufficient capacity for fire protection from the non-potable system.
11. Kaiser's responsibility for water and sewer mains in Lugonia will be from "B" Street to California Avenue. The Water Source Acquisition charge, Water Capital Improvement charge, and Sewer Capital Improvement charge are all payable at the time the building permit is issued. The owner may furnish water use records to determine the amount of the fee.

B. ADDITIONAL CONDITIONS

1. Kaiser (i.e., Developer) shall not begin using the licensed, in-patient acute care hospital beds at its hospital in Barton Center Redlands until January 1, 2000, provided that said utilization can begin at an earlier time if and when RCH (i.e., Redlands Community Hospital) experiences an average seventy-five (75%) percent rate of occupancy for its currently licensed 203 hospital beds during a continuous twelve (12) month period.
2. Developer shall pay to City Two Hundred Thousand Dollars (\$200,000.00) to be used for the Redlands Senior Citizens Nutritional Center, or if such a center is not established, for any other City program or programs providing health care, health education or social services to the Redlands community. This payment is due and payable on or before January 31, 1992, unless a referendum petition is filed with the City regarding the ordinance approving this Agreement or a lawsuit is filed challenging the validity of this Agreement or the Concept Plan in

either of which case this payment will not become due and payable unless and until this Agreement becomes fully operative and effective and no longer subject to legal challenge.

3. Developer agrees that the Community Facilities District to be formed pursuant to Section 11.5 of this Agreement shall include among the public facilities to be funded in addition to those referred to in Exhibit C a firestation and associated equipment including one fire truck for a total cost not to exceed \$2,000,000.00 and additional facilities or services (including but not limited to funding for regional open space and trails development not located on the Barton Center Redlands property) to be determined by City for a cost not to exceed \$600,000.00.
4. There are presently existing on the Barton Center Redlands property two (2) existing water wells (the "Existing Wells"), one of which is located on the Property ("the Kaiser Well"), which are currently used to provide irrigation water for agricultural purposes. Developer will either: (i) convey to the City the Kaiser Well as well as sufficient property within the Almond Street right of way or in the 25 foot setback from Almond Street (the "Well Site") surrounding the same to permit the installation, maintenance and operation of the pumping facilities (which City shall install underground) necessary to provide Developer with water for the uses hereinafter specified, or (ii) cause the Kaiser Well to be abandoned (in accordance with state and city regulations) if necessitated by its location in the Almond Street right of way. The City shall pay Developer, concurrently with the conveyance to it of the Kaiser Well and the Well Site, the fair market value of the same.

The fair market value of the Kaiser Well and the Well Site shall be determined by agreement between City and Developer or, in the absence of such agreement, by arbitration using Judicial Arbitration and Mediation Services, Inc. The fair replacement cost of the same and will take into account the following criteria: age, casing diameter, depth, capacity, construction (materials and drilling method), condition of pumping equipment and eighty (80) year straight line depreciation. The fair market value of the Well Site shall be based on the highest and best use of the property upon which the same will be located.

Except as provided hereinabove with respect to the conveyance to the City of the Kaiser Well and the Well Site, Developer shall retain all water and water rights now existing with respect to the Property.

The City shall provide Developer with water for the following uses: (a) for agricultural uses now or hereafter existing on the Property; and (b) for irrigation of all landscaping hereafter placed on the Property. The obligation of the City to provide Developer with water as provided herein is not contingent upon the ability of the City to obtain the same from the Existing Wells, it being understood that, in the event the City is unable to obtain water from the Existing Wells in sufficient

quantities to discharge its obligations hereunder, the City shall obtain such water from such alternative source or sources as may then be available to it and deliver the same to the Property for use by Developer as provided herein. City's obligation to provide water from alternative sources at the rates specified herein shall be limited to the capacity of the Existing Wells. Any water delivered to Developer exceeding the capacity of the Existing Wells shall be at the City's then existing rates and pursuant to then existing limits and generally applicable water service rules and regulations for domestic and non-potable water, as applicable.

The City shall, to the extent possible, utilize the Existing Wells to provide the water to be supplied by it as provided herein and, in connection therewith, shall design and construct on the well site or sites all pumping facilities necessary to provide the capacity and pressure to do so.

Water provided hereunder by the City for agricultural uses on the Property shall be provided at an annual rate which does not exceed the actual annual cost incurred by the City in the operation and maintenance of the Existing Wells or only the second well if the Kaiser Well is abandoned (the "Production Cost"). The Production Cost shall be determined annually on a fiscal year basis (i.e. July 1 - June 30) and City shall, upon request of Developer, provide Developer with its calculations establishing the same.

Water provided hereunder by the City for irrigation of landscaping shall be provided at an annual rate which does not exceed Production Cost plus one thirtieth (1/30th) of the City's Capital Recovery Cost (which term as used herein shall mean the actual cost incurred by the City in constructing pumping facilities installed on the well site or sites to the extent that such facilities are necessary to provide the water required by the Developer, it being understood that, to the extent such facilities are sized to permit City to provide water to places other than the Property, the cost of such oversizing shall be borne by the City and not the Developer).

The City's Water Source Acquisition Charges and Water Capital Improvement Charges shall not apply to the water provided hereunder.

The annual rate for the water provided hereunder to Developer shall be the same for Developer and the other users on the Barton Center Redlands property and shall not be greater than the rate charged by the City for its potable water.

Except for service of water for agricultural uses on the Property, nothing herein shall be construed to require City to provide Developer with water in quantities or of quality different than that generally available to City users under then existing City water service rules and regulations.

5. Developer is entering into this Agreement with the expectation that it will successfully

complete its pending purchase of the Property. It is agreed that Developer's performance obligations herein do not become effective unless and until such purchase is completed and Developer becomes the legal owner of the Property.

REIMBURSEMENT AGREEMENT FOR CONSTRUCTION
OF PUBLIC IMPROVEMENTS

This agreement ("Agreement") is made this _____ day of _____, 1991 by and between the City of Redlands, a municipal corporation (the "City"), and [Barton Development Company, a California corporation, and The Glorious Redland Partnership, a California limited partnership OR Kaiser Foundation Hospitals, a California non-profit public benefit corporation] (hereinafter referred to as "Developer").

RECITALS

A. Developer owns approximately _____ acres of real property located within the City (the "Developer's Property"), more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

B. City has adopted the Redlands Municipal Code (the "Code") establishing various development impact fees to offset the cost of development of City infrastructure.

C. As a condition to the approval of a development agreement between Developer and the City (the "DA"), City has required Developer to design, construct and install certain public facilities to serve Developer's Property and other properties (the "Improvements"). The Improvements are identified in Exhibit "C" of DA, including the Mitigation Monitoring Program incorporated therein. It is anticipated that the Improvements will be

constructed by a Community Facilities District or other assessment district, although Developer may directly construct some of them.

D. The DA provides that engineering benefit zone studies (collectively, the "EBZ Study") will be done by City at Developer's cost to determine which of the Improvements benefit property in addition to Developer's Property (the "Benefitting Properties"). City agrees to reimburse Developer for the pro rata share of the costs of those Improvements that also benefit other properties (the "Reimbursable Facilities"). The amount of the reimbursement will be determined by the EBZ Study and will be made from funds collected by City from the owners or developers of the Benefitting Properties.

E. Developer is willing, if necessary pursuant to the provisions of the DA, to advance the costs of designing, constructing, installing and inspecting the Reimbursable Facilities subject to reimbursement from the Benefitting Properties.

F. This Agreement is intended to create obligations of Developer for only those of the Improvements that Developer directly constructs.

TERMS

A. Design and Construction of Improvements. Pursuant to the provisions of the DA, including the timing set forth therein, Developer shall be responsible for designing, constructing, installing and providing for the inspection of those Improvements directly constructed by Developer. The plans and specifications

for the work shall be approved by City prior to construction, and the design, construction and installation of the Improvements shall be to the satisfaction of City in its sole and reasonably exercised discretion.

B. Source and Method of Reimbursement; Maximum Reimbursement.

1. City shall reimburse Developer for the costs, including an amount attributable to interest computed at the then existing Bank of America's Reference Rate upon the outstanding costs incurred, associated with the design, construction, installation and inspection of the Facilities, in an amount determined by the EBZ Study: (a) from then-available development impact fees collected pursuant to the Code from subsequent developers of Benefitting Properties; (b) from the proceeds of any community facilities district or assessment district formed, in part, to pay the same; or (c) from other fees that City may impose upon any developers of the Benefitting Properties (the "Reimbursement Funds"). City shall exercise its police power to the maximum lawful extent to collect fees for the pro rata share of the costs for the Reimbursable Improvements as determined by the EBZ Study, including enactment of new ordinances if necessary. Reimbursement shall be from the Reimbursement Funds and from no other source.

2. The total amount of the reimbursement obligation over the life of this Agreement shall be as determined in the EBZ Study.

3. City shall disburse reimbursements due to Developer under this Agreement semi-annually from the Reimbursement Funds collected from developers of Benefitting Properties as provided in this Agreement less an administrative fee of ____%. The first reimbursement shall occur no later than 6 months following City's formal acceptance of the Improvements.

C. Term of Reimbursement Obligation. City's obligation, under this Agreement, to reimburse Developer for the Reimbursable Facilities shall continue for a period of thirty (30) years from the date of the DA, unless the obligation is sooner satisfied by payment in full of all reimbursable amounts due and owing to Developer under this Agreement. After such thirty-year period or payment in full, whichever occurs first, the reimbursement process shall cease.

D. Bids and Contracts. Developer, when directly constructing any of the Improvements, shall be solely responsible for securing appropriate bids and awarding the contract for construction and installation of the Improvements in compliance with all applicable federal and state laws. Developer shall defend, indemnify and hold City, its elected officials, officers, agents and employees free and harmless from any and all claims, actions or liability whatsoever, including attorney's fees and court costs, arising out of or in connection with Developer's construction of the Improvements.

E. Inspection. City shall have the right at all times to inspect the construction of the Improvements to measure compliance with City plans and specifications.

F. Indemnification; Insurance.

1. Developer shall defend, indemnify and hold City, its elected officials, officers, employees and agents free and harmless from any and all liability from loss, damage, or injury to or death of persons or property in any manner arising out of or incident to Developer's performance of this Agreement, including without limitation all consequential damages, attorney's fees and court costs, resulting from the negligence of Developer or Developer's agents. This indemnity shall extend to any claims arising because Developer has failed to properly secure any necessary easements, land rights, contracts, or approvals, but shall not extend to any claims arising out of the negligence of City.

2. Developer shall require all persons doing work on the Improvements directly constructed by Developer, including their contractors and subcontractors, to obtain and maintain insurance of the types and in the amounts described below in a form and with carriers satisfactory to City.

a. Commercial General Liability Insurance.

Occurrence version commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000.00 each occurrence shall be maintained. If such insurance contains a general aggregate limit, it shall apply separately to this

Agreement or be no less than two times the occurrence limit. Such insurance shall:

i. Name City, its elected officials, officers, employees and agents as insureds with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed insureds.

ii. Be primary with respect to any insurance or self insurance programs covering City, its elected officials, officers, employees and agents.

iii. Contain standard separation of insureds provisions.

b. Business Automobile Liability Insurance.

Business automobile liability insurance or equivalent form with a limit of not less than \$500,000.00 each accident shall be maintained. Such insurance shall include coverage for owned, hired and non-owned automobiles.

c. Workers' Compensation Insurance. Workers'

compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident shall be maintained.

d. Other Insurance Requirements. Developer shall:

i. Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance which shall clearly evidence all insurance required in

(EXHIBIT "C-1")

this Section and provide that such insurance shall not be canceled, allowed to expire or be materially reduced in coverage except on forty-five (45) days' prior written notice to City.

ii. Provide to City certified copies of endorsements, and policies if requested by City, and properly executed certificates of insurance evidencing the insurance required herein.

iii. Replace or require the replacement of certificates, policies and endorsements for any insurance required herein expiring prior to completion and acceptance of the Improvements.

iv. Require to be maintained all insurance required herein from the time of execution of this Agreement until the acceptance of the Improvements.

v. Require the placement of all insurance required herein with insurers licensed to do business in California.

G. Commencement of Construction and Inspection. Developer and its contractors and subcontractors shall not commence construction of any Improvements until Developer has received written authorization from City to proceed. All work performed on the Improvements shall be done in substantial compliance with City-approved plans, specifications and contract documents and in a good and workmanlike manner. All work performed by Developer, its contractors and subcontractors to construct the Improvements shall be subject to inspection by City, and Developer shall require its

employees, contractors and agents to comply with all instructions given by City during construction of the Improvements. All fees and costs for construction of Improvements directly by Developer shall be borne solely by Developer, subject to reimbursement as provided herein. Inspection by City or its employees or agents shall not relieve Developers of their liability, if any, for design defects or improper or inadequate workmanship.

H. Compliance with Applicable Laws. Developer shall require that all work performed on the Improvements that are directly constructed by Developer is performed in a manner which complies with all applicable federal, state, county and local government laws, regulations and rules, including all rules and regulations of City, as these rules and regulations may be modified or changed from time to time.

I. Prevailing Wages. Developer is aware of the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wage rates and the performance of other requirements if it were determined that Developer's contracts with its contractor(s) to construct the Improvements were a public works contract as defined in Sections 1720 and 1720.2 of the California Labor Code. The parties hereto agree, however, that: (i) to the maximum extent permitted by law, Developer's contracts with its subcontractors shall not be deemed "public works contracts" as defined in the California Labor Code; and (ii) none of the parties hereto shall take a position inconsistent with the foregoing treatment of Developer's contracts. Developer agrees to hold City

(EXHIBIT "C-1")

and its elected officials, officers, employees and agents harmless from any claim or liability including, without limitation, attorneys' fees and court costs, arising from any failure or alleged failure to comply with these provisions of the California Labor Code.

J. Contractor Licenses. All work performed on the Improvements shall be done only by contractors licensed in the State of California and qualified to perform the type of work required.

K. Acceptance of Work. Upon completion of the Improvements to the satisfaction of City, the Improvements shall be presented to the Redlands City Council for dedication and acceptance, and for authorization to file a Notice of Completion. The City Council may accept the Improvements if it determines that the Improvements were constructed in accordance with the approved plans, specifications and contract documents, that they operate satisfactorily, and that all other requirements of this Agreement have been satisfied. Upon acceptance of the improvements, Developer shall assign to City all of Developer's rights and remedies, including warranties, as set forth in the approved contract documents, and thereafter City shall have the same recourse under said contract documents that City would have had if City itself had engaged Developer's contractor to construct the Improvements.

L. Liability for Work Prior to Formal Acceptance. Until the City Council has formally accepted the Improvements, Developer shall be solely responsible for all damage to the work caused by or

(EXHIBIT "C-1")

arising out of Developer's or its contractor's or subcontractor's negligence and for all damages or injuries to any person or property at the work site caused by or arising out of Developer's or its contractor's or subcontractor's negligence, except damage or injury due to the negligence of City, its agents or employees.

M. Guarantee. Developer shall require its contractor(s) to provide one or more bonds, in form and content acceptable to City, to guarantee all work and materials for the Improvements to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of formal acceptance of the work by City.

N. Record Drawings. Prior to acceptance of the Improvements by the City Council, Developer shall provide City with three (3) copies of record drawings with certification by a licensed engineer in the State of California as to accuracy and completeness. Developer's contractor(s) shall be solely responsible and liable for insuring the completeness and accuracy of the record drawings.

O. Ownership of the Improvements. From and after acceptance of the Improvements by formal action of the City Council, ownership of the Improvements shall be vested exclusively in City.

P. Approval of Improvement Costs. Upon completion and final acceptance of the Improvements by formal action of the City Council, Developer shall, within thirty (30) days, provide City with an itemized bill showing all reasonable costs, including an amount attributable to interest at the Bank of America's Reference Rate, incurred by Developer to design, construct and install the

(EXHIBIT "C-1")

Improvements. Such reasonable costs shall be limited to costs of acquiring necessary land and easements not currently owned by Developer, permit fees, and costs directly and necessarily related to the design, construction and installation of the Improvements. Developer agrees to provide City with bills evidencing costs incurred. Developer also agrees to provide City with any additional information as to any items shown on the cost bill as requested by City to substantiate the costs. Following completion of its analysis, City shall advise Developer, in writing, of any fees or costs shown on the cost bill which City will disallow and the reasons why these items are being disallowed by City. Only those costs approved by City, in its reasonably exercised discretion, will be allowed for reimbursement in accordance with this Agreement.

Q. Notice. Any notices required or desired to be sent pursuant to this Agreement shall be addressed as follows:

City

City Manager
City of Redlands
30 Cajon Street
P.O. Box 3005
Redlands, CA 92373

Developer

[Barton Development Company and
The Glorious Redland Investment
Partnership
c/o Barton Development Company
10535 Foothill Boulevard, Suite 350
Rancho Cucamonga, California 91730

OR

Kaiser Foundation Hospitals
393 East Walnut Street
Pasadena, California 91188
Attn: Property Acquisition Dept.]

R. Amendment. This Reimbursement Agreement may be amended by the parties hereto. Such amendment or amendments shall not require an amendment to the DA.

S. Attorney's Fees. In the event any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to reasonable attorney's fees.

T. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the matters contained herein.

U. Assignment. This Agreement shall not be assigned without the written consent of the parties hereto, and any assignment without such written consent shall be void and ineffective.

V. Time of Essence. Time is of the essence of this Agreement.

City of Redlands

[Barton Development Company,
a California corporation

By: Mayor

ATTEST:

By: _____

James E. Barton
Its: President

City Clerk

The Glorious Redland Investment
Partnership, a California
limited partnership

By: _____

Cheng Hui Hou
Its: General Partner

(EXHIBIT "C-1")

2/R/B362/04R/Reimburs.Agm

OR

91-454225

Kaiser Foundation Hospitals
a California non-profit public
benefit corporation

By: _____
Hugh A. Jones
Its: Senior Vice President

And: _____
Sandra H. Cox
Its: Assistant Secretary
and Regional Counsel]

EXHIBIT "A"

"Developer's Property"

[attach legal description]

91-454225

(EXHIBIT "A")

2/R/B362/04R/Reimburs.Agm

(Page 1 of 1)