

OWNER PARTICIPATION AGREEMENT

By and Between the

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

and

PROPERTY ONE, LLC
a California limited liability company

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ATTACHMENTS

Attachment No. 1	Site Map
Attachment No. 2	Relocation Agreement
Attachment No. 3	Covenants, Conditions and Restrictions

OWNER PARTICIPATION AGREEMENT

This **OWNER PARTICIPATION AGREEMENT** (the "Agreement") is entered into as of September 3, 2008, by and between the **REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS**, a public body, corporate and politic (the "Agency") and **PROPERTY ONE, LLC**, a California limited liability company (the "Operator").

RECITALS

The following recitals are a substantive part of this Agreement:

A. In furtherance of the objectives of the Community Redevelopment Law of the State of California, Health and Safety Code Section 33000, *et seq.* (the "Act"), the Agency and the Operator desire that the certain real property within the Redlands Project Area with improvements described in this Agreement and that thereafter the Operator or one of its affiliates shall operate an information services business at the subject property.

B. The development and operations as required to be accomplished under this Agreement are in the vital and best interest of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws.

NOW, THEREFORE, the Agency and the Operator hereby agree as follows:

100. DEFINITIONS.

"*Act*" or "*Redevelopment Law*" means the Community Redevelopment Law of the State of California, Health and Safety Code Section 33000, *et seq.*

"*Agency's Conditions Precedent*" means the conditions precedent to the obligation of the Agency to make payment under the Relocation Agreement, as set forth in Section 205.1 hereof.

"*City*" means the City of Redlands, a municipal corporation.

"*City Manager*" means the City Manager of the City or his designee.

"*Closing*" means the date the CC&Rs are recorded.

"*Conforming Activities*" means the operation of an informational technology business specializing in geographic information systems ("GIS") software and associated uses and activities in furtherance of carrying out the business, including parking.

"*County*" means the County of San Bernardino, California.

"*Covenants, Conditions and Restrictions*" or "*CC&Rs*" means Attachment No. 3 to this Agreement.

"*Date of Agreement*" means the date first above written [which shall be the date this Agreement is approved by the Agency].

“Deadline” means the thirtieth (30th) day following the Date of Agreement.

“Default” means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 401 hereof.

“Executive Director” is the Agency or his designee.

“Executive Director” means the Executive Director of the Agency or his designee.

“Improvements” means such improvements, if any, as Operator may undertake on the Site.

“Notice” means a notice in the form prescribed by Section 401 hereof.

“Occupant” means NVCCF, Inc., a California nonprofit religious corporation.

“Opening” means the opening for business of a business which operates Conforming Activities on the Site (which shall be deemed to occur not earlier than the Date of Agreement).

“Operating Covenant Period” means a period commencing as of the earlier to occur of (i) the Opening or (ii) the sixtieth (60th) day following the recordation of this Regulatory Agreement and continuing until the fifth (5th) anniversary of the Opening.

“Operator” means Property One, LLC, a California limited liability company.

“Project Area” means that area designated as the project area in the Redevelopment Plan.

“Redevelopment Plan” means the Redevelopment Plan for the Redlands Redevelopment Project, as adopted by Ordinance No. 1500 and as subsequently amended.

“Redevelopment Project” means the Redlands Redevelopment Project, as described in the Redevelopment Plan.

“Relocation Agreement” means an agreement substantially in the form of Attachment No. 2 hereto.

“Site” means that certain real property which is described in the Site Legal Description and depicted on the Site Map.

“Site Legal Description” means the description of the Site which is attached hereto as Exhibit “A” to Attachment No. 3 hereto.

“Site Map” means Attachment No. 1 to this Agreement.

200. BASIC PROVISIONS

201. Agency Conditions to Agency Participation. Agency's obligation to provide payment under the Relocation Agreement is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (c), inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time provided in the Schedule of Performance for satisfaction of the Agency's Conditions Precedent:

(a) Execution of Documents. Operator shall have executed and delivered to the Agency for recordation among the official land records of the County Recorder of the County of San Bernardino the CC&Rs and any other documents required hereunder for the Closing.

(b) Relocation Agreement. The Occupant shall have executed and delivered to Agency the Relocation Agreement.

(c) No Default, Representations and Warranties. Operator shall not be in default in any of its obligations under the terms of this Agreement. All representations and warranties of Operator contained herein shall be true and correct in all material respects on and as of the Closing as though made at that time and all covenants of Operator which are required to be performed prior to the Closing shall have been performed by such date.

202. Representations and Warranties.

202.1 Agency Representations. Agency represents and warrants to Operator as follows:

(a) Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority as to the execution, performance, and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency. The parties who have executed this Agreement on behalf of Agency are authorized to bind Agency by their signatures hereto.

(b) No Conflict. To the best of Agency's knowledge, Agency's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(c) No Agency Bankruptcy. Agency is not the subject of a bankruptcy proceeding.

Until the Closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 202.1 not to be true as of Closing, immediately give written notice of such fact or condition to Operator.

202.2 Operator Representations. Operator represents and warrants to Agency as follows:

(a) Authority. Operator is a duly organized California limited liability company that is doing business in California, is authorized to do business in California and is in good standing under the laws of the State of California. Operator has full right, power and lawful authority to undertake all obligations of Operator as provided herein and the execution, performance and delivery of this Agreement by Operator has been fully authorized by all requisite actions on the part of the Operator. The parties who have executed this Agreement on behalf of Operator are authorized to bind Operator by their signatures hereto.

(b) Litigation. To the best of Operator's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings pending against Operator, at law or in equity before any court or governmental agency, domestic or foreign, which in any way would have a material effect on Operator's ability to perform its obligations under this Agreement.

(c) No Conflict. To the best of Operator's knowledge, Operator's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Operator is a party or by which it is bound.

(d) No Operator Bankruptcy. Operator is not the subject of a bankruptcy proceeding.

Until the Closing, Operator shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 202.2 not to be true as of Closing, immediately give written notice of such fact or condition to Agency. The representations and warranties set forth in this Section 202.2 shall survive the Closing.

203. Condition of the Site. Operator has undertaken its own investigation and due diligence concerning the Site. The Agency makes no representations whatsoever concerning the Site or the condition thereof.

204. Insurance Requirements. Commencing as of the Closing and for so long as the Operator operates activities on the Site, but not longer than the second anniversary of the Date of Agreement, the Operator shall maintain at Operator's sole expense, the following policies of insurance in form and substance reasonably satisfactory to the Agency:

(a) workers' compensation insurance and any other insurance required by law in connection with the Improvements or other work performed on the Site (to be in effect only while work is being performed on the Site);

(b) fire and hazard "all risk" insurance covering 100% of the replacement cost of the Improvements in the event of fire, lightning, windstorm, vandalism, malicious mischief and all other risks normally covered by "all risk" coverage policies (excluding earthquake and flood risks) in the area where the Site is located; and

(c) public liability insurance, including bodily injury and property damage, in amounts of no less than \$1,000,000 for "single occurrence;"

All insurance shall provide that the insurers will use their best efforts to provide 30 days prior written notice to Agency of cancellation or modification of insurance. Agency shall be an additional insured in the policies required under subparagraphs (c) if such endorsements are available. No such insurance shall include deductible amounts to which Agency has not previously consented in writing. Agency acknowledges the all risk insurance carried by Operator has a \$25,000 deductible and consents thereto. Certificates of insurance for the above policies (and/or original policies, if required by Agency) shall be delivered to Agency from time to time within 10 days after demand therefor.

204.2 Waiver of Subrogation. Operator hereby waives all rights to recover against Agency or City (or any officer, employee, agent or representative of Agency or City) for any loss incurred by Operator from any cause insured against or required by this Agreement to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Operator shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

205. Indemnity. The Operator shall defend (by counsel satisfactory to Agency), indemnify and save and hold harmless Agency and City and their respective officers, contractors, agents and employees from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses including, without limitation, attorneys' fees and court costs (all of the foregoing are collectively, "Claims") (i) arising from or relating to Operator's breach of this Agreement; or (ii) imposed upon, incurred by or asserted against Agency or City by any third party and arising from or related to Operator's ownership, occupancy or use of the Site after the Closing. Notwithstanding the foregoing, the Operator shall not be obligated to indemnify the Agency with respect to the consequences of any act of negligence or willful misconduct of the Agency. The requirements under this Section 205 do not limit the obligations of the Operator under the CC&Rs.

If the Operator defaults under the terms of this Agreement and such default remains uncured after the Agency has given Operator written notice thereof as set forth in Section 400, Operator agrees to reimburse the Agency and the City immediately upon written demand for all costs reasonably incurred by the Agency (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Agency) in connection with the enforcement of the Agreement, including the attachments thereto, and all related matters including the following: (a) the Agency's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to this Agreement, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which the Agency is indemnified under this Agreement. Such reimbursement obligations shall bear interest from the date occurring ten (10) days after the Agency gives written demand to the Operator at the rate of seven percent (7%) simple per annum.

206. Compliance With Laws. Operator shall carry out the design, construction and development of the Improvements in conformity with all applicable laws, including without limitation the Act, City zoning and development standards, building, plumbing, mechanical and electrical codes.

Labor Code Section 1720(b)(3) treats work performed under contract with certain public entities as a "public work" where the work is paid for in whole or in part with public funds, which

payment may be accomplished by a transfer of an asset of value for less than a fair market value price. No payments are being made by Agency to Operator under this Agreement.

207. Nondiscrimination in Employment. Operator certifies and agrees that all persons employed or applying for employment by it are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

300. COVENANTS AND RESTRICTIONS

301. Use Covenants. Operator covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof that the Operator and such successors and assignees, shall on a continuous basis throughout the Operating Covenant Period cause the Site to be devoted to the Conforming Activities. The Operator shall carry out all of its undertakings pursuant to this Agreement in conformity with the Redevelopment Plan, all applicable laws, and the CC&Rs. The Operator covenants to operate on the Site only Conforming Activities for a period of not less than the Operating Covenant Period; this covenant is made for the benefit of the Agency and the City.

The Operator covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

All deeds or leases as may hereafter be entered into by the Operator with respect to the Site will contain or be subject to substantially the nondiscrimination or nonsegregation clauses provided under Health and Safety Code Section 33436.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. Each of the Agency and the City (as third party beneficiary) shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

In addition, as provided in the CC&Rs, all uses conducted on the Site, including, without limitation, all activities undertaken by the Operator pursuant to this Agreement, shall be Conforming Activities and shall conform to the Redevelopment Plan and all applicable provisions of the City Municipal Code. The Operator on behalf of itself and its successors, assigns, and each successor in

interest to the Site or any part thereof, hereby covenants and agrees, as more specifically set forth in the CC&Rs:

(a) To use, devote, and maintain the Site and each part thereof, for the purposes and the uses specified in the Redevelopment Plan as in effect as of the Date of Agreement. The Site shall comply with all provisions of the Municipal Code of the City and all applicable laws.

(b) To maintain the Site in conformity to all applicable laws.

(c) To operate on the Site only Conforming Activities.

302. Nondiscrimination Covenants. The Operator covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Operator itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any portion thereof. The foregoing covenants shall run with the land.

The Operator shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person

claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

303. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. Each of the Agency and the City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether Agency or City has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. Each of the Agency and the City shall have the right, if the Agreement or any covenants in any agreement pursuant to this Agreement, including the CC&Rs, are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and such covenants may be entitled. The covenants contained in this Agreement shall remain in effect until the Closing except for the following: (a) the Operating Covenant shall remain in effect throughout the Operating Covenant Period; and (b) the covenants contained in the CC&Rs shall remain in effect as set forth therein.

400. DEFAULTS AND REMEDIES

401. Default Remedies. Subject to the extensions of time set forth in Section 502 of this Agreement, failure by any party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default shall give written notice of Default to the other parties specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

402. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California.

403. Termination by the Operator. In the event that: (i) on or before the Deadline, the Occupant fails to execute and deliver to the Agency the Relocation Agreement, duly executed; or (ii) in the event of any default or failure of Agency prior to the Closing which is not cured within the time set forth in Section 501 hereof, and any such failure is not cured within the applicable time period after written demand by the Operator, then the Operator may, at the option of the Operator, terminate this Agreement by Notice thereof to Agency. From the date of the receipt of Notice of Termination of this Agreement by the Operator to Agency and thereafter, this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties.

404. Termination by Agency. In the event that, prior to the time established in the Schedule of Performance for the satisfaction of the Agency's Conditions Precedent:

(a) Operator (or any successor in interest) assigns this Agreement or any rights therein or in the Site in violation of this Agreement and fails to cure such default within the time set forth in Section 501 hereof;

(b) Operator does not fulfill one or more of Agency's Conditions Precedent to the Closing and such failure is not caused by Agency;

(c) Operator fails to execute and deposit with the Agency for recordation the CC&Rs; or

(d) the Occupant fails to execute and deliver to the Agency the Relocation Agreement, duly executed.

(e) Operator is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof;

then this Agreement and any rights of the Operator or any assignee or transferee with respect to or arising out of the Agreement or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to the Operator. From the date of the Notice of termination of this Agreement by Agency to the Operator and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations among the parties, except that Agency may pursue any remedies it has hereunder. The City shall have no right to terminate this Agreement.

405. Acceptance of Service of Process. In the event that any legal action is commenced against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced against the Operator, service of process on the Operator shall be made in such manner as may be provided by law.

406. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

407. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

500. GENERAL PROVISIONS

501. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which a party hereto may desire to give to another party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency:	Redevelopment Agency of the City of Redlands 35 Cajon Street Redlands, California 92373 Attention: Executive Director
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To City (as third party beneficiary):	City of Redlands 35 Cajon Street Redlands, California 92373 Attention: City Manager
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To Operator:	Property One, LLC Attention: Don Berry 380 New York Street Redlands, California 92377-8100
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Any written notice, demand or communication shall be deemed received immediately upon receipt; provided, however, that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice shall be deemed to be effective on the fifth (5th) day from the date of the attempted delivery or deposit in the United States mail.

502. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; riots; delays caused by earthquakes or fires; acts of God; acts or omissions of another party. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Further, notwithstanding the foregoing, no extension shall apply with respect to the failure of Occupant to execute and deliver to Agency the Relocation Agreement (absent the express agreement of the parties hereto extending time in such case). Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Operator. The Executive Director shall have the authority to approve on behalf of Agency, extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

503. Non-Liability of Officials and Employees of Agency. No member, official, officer or employee of Agency or the City shall be personally liable to the Operator, or any successor in

interest, in the event of any Default or breach by Agency or for any amount which may become due to the Operator under the terms of this Agreement.

504. Relationship Between Agency and Operator. It is hereby acknowledged that the relationship between the Agency and the Operator is not that of a partnership or joint venture and that Agency and the Operator shall not be deemed or construed for any purpose to be the agent of the other.

505. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director is authorized to act on behalf of the Agency unless specifically provided otherwise or the law otherwise requires.

506. Counterparts; Integration. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original. This Agreement contains the entire understanding among the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon such party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 14 and Attachment Nos. 1 through 3, which Attachments are attached hereto and incorporated herein by reference, which constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements among the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Any alteration, change, or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party. If any term, provision, condition, or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

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

508. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" means all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

509. Legal Advice. The Participant has carefully read this Agreement, and in signing this Agreement, it does so with full knowledge of any right which they may have; it has received independent legal advice from its legal counsel as to the matters set forth in this Agreement, or has knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, it has freely signed this Agreement without any reliance upon any agreement, promise, statement or

representation by or on behalf of the other party, or its respective agents, employees, or attorneys and without duress or coercion, whether economic or otherwise.

510. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Operator of each and every obligation and condition of this Agreement.

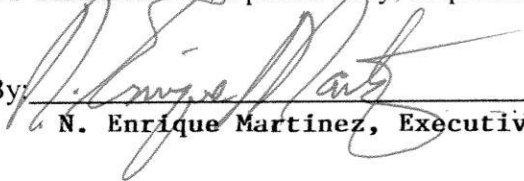
511. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Operator and delivered to Agency, must be authorized, executed and delivered by the Agency on or before fifteen (15) days after signing and delivery of this Agreement by the Operator or this Agreement shall be void, except to the extent that the Operator shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

512. No Third Party Beneficiaries Except City. Excepting only for the City, which shall be deemed to be a third party beneficiary of this Agreement, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than the Agency and the Operator, and the permitted successors and assigns of them, shall be authorized to enforce the provisions of this Agreement.

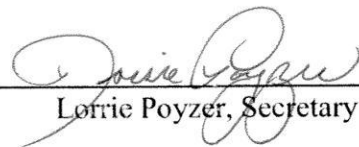
WITNESS WHEREOF, the Agency and the Operator have signed this Agreement on the respective dates set forth below to be effective as of the Date of Agreement.

AGENCY:

**REDEVELOPMENT AGENCY OF THE CITY
OF REDLANDS**, a public body, corporate and politic

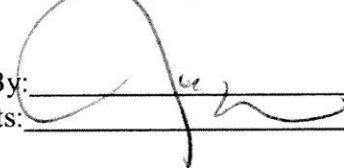
By: 
N. Enrique Martinez, Executive Director

ATTEST:


Lorrie Poyzer, Secretary

OPERATOR:

PROPERTY ONE, LLC, a California limited
liability company

By: 
Its: _____

By: _____
Its: _____

SITE MAP

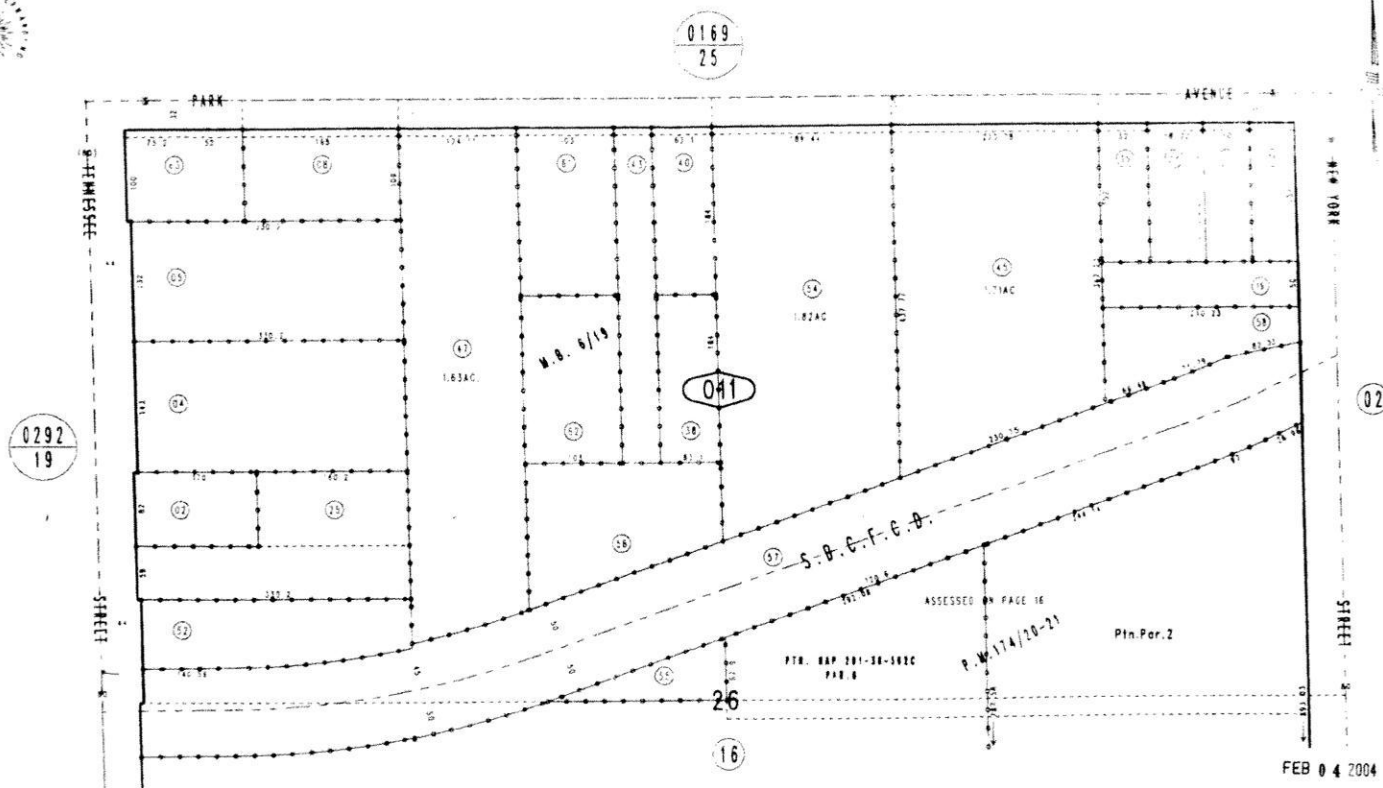
THIS MAP IS FOR THE PURPOSE
OF AERIAL PHOTOGRAPHY ONLY



Ptn. Barton Ranch
M.B.6/19

City of Redlands
Tax Rate Area
5002

0171 - 01



November 2003

File Page Map No. 14523, P M : 24/20-21

Assessor's Map
Book 0171 Page 01
San Bernardino County

ATTACHMENT NO. 2

RELOCATION AGREEMENT

ALL-INCLUSIVE RELOCATION SETTLEMENT AGREEMENT AND WAIVER OF ALL CLAIMS

This Agreement ("Agreement") is made as of September 3, 2008, by and between the Redevelopment Agency of the City of Redlands, a public body, corporate and politic ("Agency"), and NVCCF, Inc., a California nonprofit religious corporation ("Business Occupant"). Agency and Business Occupant are hereinafter sometimes referred to collectively as the "Parties."

RECITALS

- A. Business Occupant operates through an affiliated organization a charitable enterprise business commonly known as Joseph's Storehouse located at 457 New York Street, Redlands, California ("Property").
- B. The Property is located within the Project Area of the Redlands Redevelopment Project as established by Ordinance No. 1500 of the City Council of the City of Redlands and subsequently amended (the "Project Area" and the "Redevelopment Project", respectively).
- C. As part of its activities implementing the Redevelopment Project, the Agency has entered into or anticipates entering into an agreement with Property One, LLC, a California limited liability company ("Property Owner") or one of its affiliated entities ("Owner Affiliates") pursuant to which the Property Owner and/or one of the Owner Affiliates will be expanding its business, including the provision of facilities at the Property.
- D. To facilitate the move of Business Occupant to another location within the City of Redlands, which other location (the "New Location") has been selected by the Business Occupant, and to implement the provisions of applicable relocation law (including, without limitation, Sections 7260 to 7270 of the California Government Code and the relocation guidelines of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, Final Rule 49 CFR Part 24), the Agency enters into this Agreement with the Business Occupant.

NOW THEREFORE, the Parties hereto agree as follows:

1. Consideration.

- (a.) Agency agrees to pay to Business Occupant the total sum of One Hundred Thousand Dollars (\$100,000), to be disbursed as follows: a) within ten (10) days after the execution of this Agreement by the Parties, the Agency will disburse to Business Occupant the sum of Ten Thousand Dollars (\$10,000);

Attachment No. 2

Page 1 of 5

and b) based upon submittal of invoices or statements by Business Occupant (or other evidence reasonably acceptable to the Executive Director of the Agency) indicating that such moneys have been expended in connection with the relocation of Business Occupant (which, for purposes of this Agreement, may include retrofitting or adapting the premises at the New Location), the sum of Ninety Thousand Dollars (\$90,000). The amount represents compensation for those items and at the amounts referenced below:

(i) Moving Cost re-imbursement, per State Law, including search costs, re-establishment costs and actual moving costs;

(ii) Improvements Pertaining to the Realty:\$0 (Business Occupant agreeing that Business Occupant holds no compensable interest in property at the Property);

(iii) Loss of Business Goodwill:\$0 (Business Occupant agreeing that its operations at the Property are charitable and generate no income to Business Occupant, and that there is no business goodwill associated with Business Occupant or such operations).

(b.) Business Occupant agrees that the payment received, pursuant to paragraph 1(a) above, constitutes full satisfaction of any and all Agency obligations to Business Occupant, including, without limitation, any obligations for relocation assistance, relocation benefits, improvements pertaining to realty, loss of business goodwill, leasehold interest, tangible and intangible property, or damages of any nature, including attorney's, interest and costs.

2. Vacation of Property

Business Occupant represents and warrants to Agency that Business Occupant and any affiliated organization has fully vacated the Property and therefore Business Occupant hereby transfers any right, title and interest in the Property, any possessory rights it has to the Property, or any remaining personal property and/or fixtures & equipment to the Property Owner or its designee.

3. Release

(a.) Business Occupant and any affiliated organization hereby being fully advised and having been given the opportunity to review such rights and consult with counsel of its own choosing, nevertheless fully releases and waives its rights, further assistance and/or benefits that may be available or due to it under the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, the Relocation Assistance and Property Acquisition Guidelines, 25 C.C.R. 6000, *et seq.*, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. 4200, *et seq.*, and 49 C.F.R. part 24 (hereinafter collectively the "Relocation Laws"). Such waiver includes,

without limitation, all rights which may arise from or relate in any manner to (i) the Agency's acquisition of the Property or the relocation of Business Occupant or the relocation of any person or persons located on the Property, including the specific waiver and release of any right to any relocation benefits, assistance and/or payments under California Government Code Section 7260, *et seq.*, notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under said sections or other state or federal law; and (ii) compensation for any interest in or the use of the Property, including but not limited to, land and improvements, fixtures, furniture, or equipment thereon, goodwill, severance damage, attorneys' fees or any other compensation of any nature whatsoever. Business Occupant hereby being fully advised and having been given the opportunity to review such rights and consult with counsel of its own choosing, nevertheless fully releases and waives its rights to any inverse condemnation claims against the Agency that may arise from the Agency's acquisition of the Property or any other Agency activities relating to the proposed Project.

- (b.) The Parties hereby fully release and discharge one another and their respective officers, members, agents, employees, attorneys, consultants, contractors, subcontractors, predecessors, successors, partners, and assigns from and do hereby waive any and all claims, demands, liens, controversies, actions, causes of action, liabilities, expenses, attorneys' fees, accounts, and damages of whatever character, nature, or kind, whether in law or in equity, whether known or unknown, which arise from or relate in any manner to the Business Occupant's occupancy of the Property or the displacement of Business Occupant therefrom, or any subject matter related thereto. In this regard the Parties acknowledge that they have been advised concerning the content and meaning of and understand and are familiar with the provisions of California Civil Code section 1542, which provides as follows:

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

- (c.) The Parties acknowledge that they may hereafter discover facts or law different from or in addition to those which they now believe to be true with respect to the release of claims. The Parties agree that the foregoing release shall be and remain effective in all respects notwithstanding such different additional facts or law or any Party's discovery thereof.
- (d) No Party nor any agents nor any related entities have made any statement or representation to any other party regarding any fact relied

upon in entering into this Agreement, and each Party expressly states it does not rely upon any statement, representation or promise of any other party or any Party's agent or related entities in executing this Agreement, except as is expressly stated in this Agreement. Each Party to this Agreement has made such investigation of the facts and law pertaining to this Agreement, and of all other matters pertaining thereto, as it deems necessary, and has consulted with legal counsel concerning these matters.

4. Indemnity By Business Occupant

Business Occupant shall indemnify, defend and hold Agency and Agency harmless from and against any claims, demands, liabilities, losses, judgments, expenses and attorneys' fees resulting from the breach by Business Occupant of any provision of this Agreement or the falsity of any representation or warranty made by Business Occupant contained in this Agreement.

6. Entire Agreement

This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

5. Partial Invalidity

In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.

6. Advice Of Counsel

Each party hereto, by its due execution of this Agreement, represents to every other party that it has reviewed each term of this Agreement with its counsel and that hereafter no party shall deny the validity of this Agreement on the ground that the party did not have advise of counsel. Each party has had the opportunity to receive independent legal advice with respect to the advisability of making this Agreement and with respect to the meaning of California Civil Code section 1542.

7. Authority To Execute This Agreement

Each entity executing this Agreement represents that it is authorized to execute this Agreement. Each person executing this Agreement on behalf of an entity, other than an individual executing this Agreement on his or her own behalf, represents that he or she is authorized to execute this Agreement on behalf of said entity.

IN WITNESS WHEREOF, the Agency and Business Occupant have signed this Agreement on the dates set forth below.

BUSINESS OCCUPANT

Dated: _____

**REDEVELOPMENT AGENCY OF THE CITY
OF REDLANDS**

Dated: _____

By: _____
Executive Director

ATTEST:

By: _____
Agency Secretary

APPROVED AS TO FORM:

BUSINESS OCCUPANT'S COUNSEL

By: _____
Business Occupant's Counsel

ATTACHMENT NO. 3

COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO AND
MAIL TAX STATEMENTS TO:

Redevelopment Agency of the
City of Redlands
35 Cajon Street
Redlands, California 92373
Attn: Executive Director

(Space above for Recorder's Use.)

REGULATORY AGREEMENT

These Covenants, Conditions and Restrictions, herein sometimes referred to as these "CC&Rs" or "Declaration" or "Regulatory Agreement" are made by the signatories hereto.

RECITALS

WHEREAS, the **REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS**, a public body, corporate and politic ("Agency") and **PROPERTY ONE, LLC**, a California limited liability company ("Operator") are parties to this Declaration. The Operator and the Agency are sometimes collectively referred to herein as the "Declarants;"

WHEREAS, the Agency and the Operator have entered into that certain Owner Participation Agreement dated as of September 3, 2008 (the "OPA") for the improvement, development and use of certain real property described in Exhibit "A" (to which these CC&Rs are attached) as the "Site," which OPA provides for the recordation of this Regulatory Agreement. The OPA is on file with the Agency as a public record and is deemed to be incorporated herein by this reference and any capitalized term not defined herein shall have the meaning established therefor in the OPA;

WHEREAS, this Regulatory Agreement establishes a plan concerning the conduct of certain activities on the Site, for the benefit of the Project Area, as well as the rest of the City;

WHEREAS, the Operator holds title to certain real property (the "Site," as defined in the OPA);

WHEREAS, the parties to this Regulatory Agreement have mutually agreed that the Operator shall cause the recordation of this Regulatory Agreement to affect and encumber the Site (the "Site," which Site is described in Exhibit "A" hereto which is incorporated herein by reference); and

WHEREAS, Agency and the Operator wish to employ this Regulatory Agreement to further govern the development, maintenance and use of the Site in conjunction and along with the OPA and to ensure that the Agency achieves its objectives under the OPA.

NOW, THEREFORE, the Agency and the Operator, declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the Covenants, Conditions and Restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property, and the Agency and the City. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarants, their grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

ARTICLE I **DEFINITIONS**

The definitions provided herein shall be applicable to this Declaration and also to any amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration.

Section 1. **“Agency”** means the Redevelopment Agency of the City of Redlands and its successors in interest.

Section 2. **“City”** means and refers to the City of Redlands, a municipal corporation.

Section 3. **“City Code”** means and refers to the City of Redlands Municipal Code as revised from time to time.

Section 4. **“Conforming Activities”** means the operation of an informational technology business specializing in geographic information systems (“GIS”) software and associated uses and activities in furtherance of carrying out the business, including parking.

Section 5. **“Date of Commencement”** means the earlier to occur of (i) the Opening, or (ii) the sixtieth (60th) day following the recordation of this Regulatory Agreement and continuing until the fifth (5th) anniversary of the Opening.

Section 6. **“OPA”** is defined in the second recital above.

Section 7. **“Opening”** means the opening for business of a business which operates Conforming Activities on the Site.

Section 8. **“Operating Covenant Period”** means a sixty (60) month period commencing as of the Date of Commencement.

Section 9. **“Redevelopment Plan”** means the Redevelopment Plan for Redlands Redevelopment Project, as adopted by Ordinance No. 1500 and as subsequently amended.

Section 10. **“Regulatory Agreement”** means this Regulatory Agreement and any amendments, modifications or supplements which may also be referred to herein as these “CC&Rs” or this “Declaration.”

Section 11. “Site” means that property described in Exhibit “A” hereto and is deemed to include real property and appurtenances, including all structures and other improvements thereon, and those hereafter constructed.

ARTICLE II

LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. The Operator shall operate only the uses specified in the OPA and this Regulatory Agreement for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Operator or the Operator pursuant to the OPA, shall conform to all applicable provisions of the City Code.

Operator, on behalf of itself and its successors, assigns, and each successor in interest to the Site or any part thereof, hereby covenants and agrees:

(i) To use, devote, and maintain the Site and each part thereof, for the purposes and the uses specified in the Redevelopment Plan as in effect as of the effective date of the OPA. The Site shall comply with all provisions of the City Code.

(ii) To maintain the Site in conformity to all applicable laws.

(iii) To use, devote, and maintain the Site and each part thereof, for the purposes and the uses specified in the Redevelopment Plan as in effect as of the effective date of the OPA. The Site shall comply with all provisions of the Municipal Code of the City of Redlands; Operator shall maintain the Site in conformity to all applicable laws. Operator or its affiliate shall operate on the Site throughout the “Operating Covenant Period.” Operator covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof that the Operator, and such successors and such assignees, shall on a continuous basis throughout the Operating Covenant Period cause the Site to be devoted to Conforming Activities.

(iv) Operator shall carry out all of its undertakings pursuant to this Agreement in conformity with the Redevelopment Plan, all applicable laws, and the OPA. Operator covenants to cause to be operated on the Site only Conforming Activities for a period equal to the Operating Covenant Period; this covenant is made for the benefit of the Agency and the City.

(v) Operator or its successors, assigns or transferee shall operate on the Site throughout the Operating Covenant Period, only Conforming Activities. Operator covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that the Operator, and such successors and such assignees, shall, during the Operating Covenant Period, cause the Site to be devoted only to Conforming Activities and for the remainder of the term of the effectiveness of the Redevelopment Plan after the Operating Covenant Period, only uses conforming to the Redevelopment Plan.

Section 2. Nondiscrimination. There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish

or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(3) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the City and any successor in interest to the Site, together with any property acquired by the Operator or the Operator pursuant to this Agreement, or any part thereof. The covenants against discrimination as set forth in this Section 1 of Article II shall remain in effect for the five-year period equal to the Operating Covenant Period.

Section 3. Compliance with Laws. Operator shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the California

Community Redevelopment Law (Health and Safety Code section 33000, *et seq.*). Operator is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Conforming Activities and uses on the Site.

ARTICLE III **ENFORCEMENT**

Section 1. Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by the Agency or City. This Declaration does not in any way infringe on the right or duties of the City to enforce any of the provisions of the City Code including, but not limited to, the abatement of dangerous buildings.

Section 2. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 3. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 4. Enforcement and Nonliability. The City or Agency may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, neither the Agency nor the City will be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

ARTICLE IV **GENERAL PROVISIONS**

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. Term. This Declaration shall run with and bind the interest of the Operator in the Site, and shall inure to the owner(s) of any property subject to this Declaration, such owner's legal representatives, heirs, successors and assigns. This Declaration shall be enforceable by each of the Agency and by the City, for a term equal to the Operating Covenant Period.

Section 3. Limitation on Liability of Operator. If Operator sells or conveys its interests in the Site, all terms and conditions of these CC&Rs shall remain in full force and effect, provided that upon conveyance of all of Operator's interests in the Site, the original Operator shall have no further liability under these CC&Rs for any violations thereof arising or occurring after such transfer of Operator's interests, but its transferees, buyers or conveyees shall be liable under these CC&Rs to the Agency and the City.

Section 4. Amendments. This Declaration may be amended only by the written agreement of the Operator, the Agency and the City.

Section 5. Notices. Any notice permitted or required to be delivered as provided herein to Operator shall be in writing and may be delivered either personally or by certified mail. Notice to the Agency shall be made by certified mail to the Executive Director or his designee at 35 Cajon Street, Redlands, California 92373 and shall be effective upon receipt. Notice to Operator shall be made by certified mail to Property One, LLC, Attention: Don Berry; 380 New York Street, Redlands, California 92373-8100, and shall be effective upon receipt. Such address may be changed from time to time by notice in writing.

[signatures begin on the following page]

**REDEVELOPMENT AGENCY OF THE CITY OF
REDLANDS,**

a public body, corporate and politic

Dated: _____

By: _____

ATTEST:

By: _____
Lorrie Poyzer, Agency Secretary

CITY OF REDLANDS,

a municipal corporation

Dated: _____

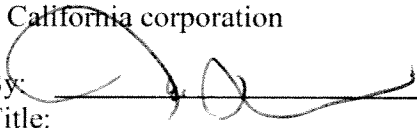
By: _____

ATTEST:

By: _____
Lorrie Poyzer, City Clerk

PROPERTY ONE, LLC,

a California corporation

By:  _____
Title: _____

By: _____
Its: _____

EXHIBIT A
LEGAL DESCRIPTION

Site Address: 457 NEW YORK ST REDLANDS CA 92373

APN: 0171-011-58

BARTON RANCHO PTN LOT 26 DESC AS COM AT A PT ON W LI NEW YORK ST 194 FT S
OF S LI OF PARK AVE TH W ON A LI PARALLEL WITH S LI PARK AVE 210.23 FT TH S
PARALLEL WITH E LI SD LOT 125.29 FT TH N 72 DEG 16 1/2 MIN E 221.97 FT TO W LI
NEW YORK ST TH N ALG W LI NEW YORK ST TO POB EX PTN TO FLOOD CONTROL
DEED RECORDED 2/25/69 BK 7187 PG 315

NEW BUSINESS

Owner Participation Agreement - Property One, LLC - Due to a potential conflict of interest, Councilmember Harrison retired from the Council Chambers and did not participate in this matter; a Public Disclosure of Potential Conflict of Interest form is on file in the City Clerk's Office. Redevelopment Agency Director Hobbs reported the City Manager established a task force to look at several issues of concern to ESRI as he wanted us to make sure we were paying sufficient attention to our local premier company in the interest of economic development. The task force was co-chaired by the Redevelopment Agency Director and the Chief of Police. The outstanding issue at the time was the relocation of Joseph's Store House to another location. Joseph's Store House was providing a gathering location for clientele who were not compatible with the employees at ESRI and the community's ability to comfortably and safely use the nearby Jennie Davis Park. In the interest of problem-oriented policing, which solves community problems in order to reduce required police services, the Police Chief engaged in multi-part negotiations. These discussions have resulted in an affiliate of ESRI (Property One, LLC) agreeing to underwrite the relocation of Joseph's Store House to a parcel at 760 East Stuart Avenue (at Church Street). As part of those multi-party discussions, the Redevelopment Agency Director agreed to contribute \$100,000.00 which will be used by Joseph's Store House to handle moving expenses and expenses to sufficiently retrofit the facility at their new location. To execute the understanding among the parties, the Redevelopment Agency prepared an owner participation agreement which assists Joseph Store House in its move in the interest of economic development facilitating the future expansion of ESRI on its campus.

CEQA Exemption - Mr. Aguilar moved to determine that the proposed owner participation agreement with Property One, LLC is exempt from review under the California Environmental Quality Act because this agreement is not a project pursuant to Public Resources Code Section 21065. Motion seconded by Mr. Gallagher and carried by AYE votes of all present with Board Member Harrison having abstained.

Resolution No. 426 - Mr. Aguilar moved to adopt Resolution No. 426 approving the owner participation agreement with Property One, LLC in order to facilitate the move of Joseph's Store House currently located on New York Street. Motion seconded by Mr. Gallagher and carried by AYE votes of all present with Board Member Harrison having abstained.

These actions generated a standing ovation from members of the audience.