

CITY OF REDLANDS

AGREEMENT FOR THE EXCHANGE OF PROPERTIES AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR EXCHANGE OF PROPERTIES AND ESCROW INSTRUCTIONS ("Agreement"), dated September 5, 1995, ("Effective Date") is made and entered into by and between Hudson Company, a California general partnership ("Partners"), and the City of Redlands ("City") (sometimes collectively referred to herein as the "Parties").

RECITALS

A. Whereas, Partners own approximately 18.47 acres of real property located southeast of Sessums Drive in the City of Redlands (the "City"), San Bernardino County, California, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Partners' Property"); and

B. Whereas, City owns approximately 13.9 acres of real property known as the Tennessee Grove and located at Route 30 and San Bernardino Avenue in the City of Redlands, San Bernardino County, California, which is more particularly described in Exhibit "B" attached hereto and incorporated herein by reference (the "City Property"); and

C. Whereas, Partners and City agree to exchange the Partners' Property for the City Property subject to the terms and conditions contained herein;

NOW THEREFORE, in consideration of the mutual promises contained herein, the City of Redlands and Hudson Company agree as follows.

AGREEMENT

1. TITLE AND DESCRIPTION OF PROPERTIES TO BE EXCHANGED

City and Partners shall exchange the Properties identified in Exhibits "A" and "B" upon the Close of Escrow, and by grant deed convey to each other good and marketable fee title to the City Property and Partners' Property, respectively, as evidenced by a Standard form A.L.T.A. Joint Protection Policies of Title Insurance in an amount equal to the value of the City Property and Partners' Property issued by Commonwealth Title Company (the "Title Company") showing title vested in the City of Redlands and Hudson Company, subject to the exceptions to title approved by the Parties pursuant to Sections 2.1 and 3.1 below. City and Partners shall be responsible for the premium for the standard policy of title insurance for the respective Properties. Any additional endorsements or policy coverage requested by either Party shall be at the Party's sole cost and expense.

2. CONDITIONS OF TRANSFER -- CITY

City's obligation to perform this Agreement and transfer ownership of the City Property shall be subject to the satisfaction of the following conditions, which are for City's benefit only. In the event any of the following contingencies are not satisfied within the specified time limit(s), City may, at its sole option, either waive such conditions or terminate this Agreement.

2.1 Approval of Title. Promptly after execution of this Agreement by the Parties, Escrow Holder shall deliver to City a current preliminary title report ("PTR") covering the Partners' Property from the Title Company. City shall have seven (7) days after receipt of the PTR to approve or disapprove the status of title to the Partners' Property as disclosed in the PTR. Any disapproval of status of title shall be within the reasonable discretion of City and shall be limited to monetary encumbrances and covenants, conditions, restrictions, and easements of record which adversely affect the intended use of the Partners' Property. Any exception not disapproved in writing within the seven (7) day period shall be deemed approved by City, and shall constitute a permitted exception hereunder. Any objection to a title exception shall be in writing, and the Parties shall thereafter have seven (7) days within which to use reasonable efforts to cure or to provide assurance of the cure of the title defect and cause such item to be removed from the title policy to be issued at Close of Escrow. The term "reasonable efforts," as used in this Paragraph 2.1, shall not include any obligation of City to spend any money or to file a lawsuit or maintain any legal action to correct any exceptions within the seven (7) day period. City shall, in writing, notify Partners of any disapproved title exceptions which Parties are unable to cause to be removed prior to or at Closing. City shall then, within five (5) business days thereafter, elect by giving written notice to Partners and Escrow Holder (i) to terminate this Agreement, or (ii) to waive its disapproval of such exceptions, in which case such exceptions shall then be deemed to be permitted exceptions. City's failure to give such notice shall be deemed an election to terminate this Agreement. In the event City elects to terminate this Agreement, City shall be relieved from any further liabilities and/or obligations under this Agreement.

2.2 Inspections. City or City's agent shall have the right to physically inspect and perform such tests, including an environmental investigation, and to perform such zoning and economic feasibility and suitability studies (hereinafter collectively "Inspections") on the Partners' Property as City deems necessary. All Inspections shall be done at City's sole cost and expense. Upon completion of such Inspections, the Partners' Property shall be returned to its original condition. City shall have the right, in the exercise of its good faith discretion, to approve or disapprove of the condition of the Partners' Property as disclosed in such Inspections within thirty (30) days from the Effective Date of this Agreement. Any disapproval of the condition of the Partners' Property shall be in writing and given to Partners within such thirty (30) day period. In the event City does not disapprove the condition of the Partners' Property within the thirty (30) day period, this condition shall be deemed waived. In the event City disapproves the condition of the Partners' Property within the thirty (30) day period, this Agreement shall terminate and the Parties shall be relieved from any further liabilities and/or obligations under this Agreement.

3. CONDITIONS OF TRANSFER -- PARTNERS

Partners' obligation to perform this Agreement and transfer ownership of the Partners' Property shall be subject to the satisfaction of the following conditions, which are for Partners' benefit only. In the event any of the following contingencies are not satisfied within the specified time limit(s), Partners may, at their sole option, either waive such conditions or terminate this Agreement.

3.1 Approval of Title. Promptly after execution of this Agreement by the Parties, Escrow Holder shall deliver to Partners a current preliminary title report ("PTR") covering the City's Property from the Title Company. Partners shall have seven (7) days after receipt of the PTR to approve or disapprove the status of title to the City's Property as disclosed in the PTR. Any disapproval of status of title shall be within the reasonable discretion of Partners and shall be limited to monetary encumbrances and covenants, conditions, restrictions, and easements of record which adversely affect the intended use of the City's Property. Any exception not disapproved in writing within the seven (7) day period shall be deemed approved by the Partners, and shall constitute a permitted exception hereunder. Any objection to a title exception shall be in writing, and the Parties shall thereafter have seven (7) days within which to use reasonable efforts to cure or to provide assurance of the cure of the title defect and cause such item to be removed from the title policy to be issued at Close of Escrow. The term "reasonable efforts," as used in this Paragraph 3.1, shall not include any obligation of the Partners to spend any money or to file a lawsuit or maintain any legal action to correct any exceptions within the seven (7) day period. Partners shall, in writing, notify City of any disapproved title exceptions which Parties are unable to cause to be removed prior to or at Closing. Partners shall then, within five (5) business days thereafter, elect by giving written notice to City and Escrow Holder (i) to terminate this Agreement, or (ii) to waive its disapproval of such exceptions, in which case such exceptions shall then be deemed to be permitted exceptions. Partners' failure to give such notice shall be deemed an election to terminate this Agreement. In the event the Partners elect to terminate this Agreement, Partners shall be relieved from any further liabilities and/or obligations under this Agreement.

3.2 Inspections. Partners or Partners' agent shall have the right to physically inspect and perform such tests, including an environmental investigation, and to perform such zoning and economic feasibility and suitability studies (hereinafter collectively "Inspections") on the City's Property as Partners deem necessary. All Inspections shall be done at Partners' sole cost and expense. Upon completion of such Inspections, the City Property shall be returned to its original condition. Partners shall have the right, in the exercise of its good faith discretion, to approve or disapprove of the condition of the City Property as disclosed in such Inspections within thirty (30) days from the Effective Date of this Agreement. Any disapproval of the condition of the City Property shall be in writing and given to City within such thirty (30) day period. In the event Partners do not disapprove the condition of the City Property within the thirty (30) day period, this condition shall be deemed waived. In the event Partners disapproves the condition of the City Property within the thirty (30) day period, this Agreement shall terminate and the Parties shall be relieved from any further liabilities and/or obligations under this Agreement.

4. ESCROW

4.1 Opening. The exchange of the Partners' Property for the City Property shall be completed through an escrow ("Escrow") to be opened at the Redlands office of Guardian Escrow, Inc., (the "Escrow Holder"). Within five (5) days after the mutual execution of this Agreement, City shall deposit with the Escrow Holder one fully executed counterpart of this Agreement, which shall constitute the Escrow instructions along with any additional Escrow instructions executed by the Parties pursuant to Section 4.5 of this Agreement. The date of delivery to Escrow Holder of such fully executed counterpart shall be deemed the opening of escrow ("Opening of Escrow") and Escrow Holder shall notify the Parties in writing of the Opening of Escrow date, the date set for Close of Escrow, and its acceptance of the escrow instructions.

4.2 Closing. Escrow shall close, if at all, on or before the date which is forty-five (45) days after the Effective Date of this Agreement.

4.3 Costs. The Parties shall each pay fifty percent (50%) of all the escrow costs and charges normally paid in an escrow closing in San Bernardino County.

4.4 Prorations. Current real property taxes, bonds and assessments shall be prorated at the date of recordation of the deed, on the basis of a thirty (30) day month.

4.5 Additional Documents. The Parties shall execute such additional Escrow instructions as Escrow Holder may reasonably require to act as Escrow Holder, but in no event shall said additional Escrow instructions increase the rights of one party against the other party hereto or modify the terms and conditions of this Agreement.

4.6 Delivery of Documents. Escrow Holder shall prepare the Grant Deeds at least one (1) business day prior to the Close of Escrow.

4.7 Vesting. Unless otherwise agreed by the Parties in escrow, title to the Partners' Property shall vest at Close of Escrow in the name of City of Redlands, a municipal corporation. Title to the City's Property shall vest at Close of Escrow in the name of Hudson Company, a California general partnership.

5. CITY'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

City hereby makes the following representations, warranties, and acknowledgements and agrees that such representations, warranties and acknowledgements shall survive the Close of Escrow.

5.1 City has full right, power, and authority to execute this Agreement and to convey fee simple title to the City Property to Partners as provided herein.

5.2 City is not a foreign person under Section 1445 Internal Revenue Code and will execute a Certificate of Non-foreign status and deposit same into the Escrow prior to the Close of Escrow.

5.3 Except as otherwise disclosed in this Agreement or disclosed in any reports to be delivered hereunder, City has no actual knowledge of any violations or alleged violations of any federal, state, county or other governmental or law, statute, ordinance, regulation or administrative or judicial order with respect to the City Property.

5.4 This Agreement has been duly executed by City and constitutes the valid and binding Agreement of City enforceable against City in accordance with its terms.

6. PARTNER'S REPRESENTATIONS AND WARRANTIES

Partners hereby make the following representations, warranties, and acknowledgments and agrees that such representations, warranties and acknowledgements shall survive the Close of Escrow.

6.1 Partners hereby represent and warrant that the person executing this Agreement has the full authority and power to enter into this Agreement on behalf of Partners to convey the Partners' Property to City, and to take all actions required of it by the terms of this Agreement.

6.2 All the documents executed by Partners at the Close of Escrow will be duly authorized, executed, and delivered and will be legal, valid, and binding obligations of Partners enforceable against Partners in accordance with their respective terms, and will not violate any Agreement to which Partners is a party or to which it is subject.

6.3 Partners are not foreign persons under Section 1445 Internal Revenue Code and will execute a Certificate of Non-foreign status and deposit same into the Escrow prior to the Close of Escrow.

6.4 Except as otherwise disclosed in this Agreement or disclosed in any reports to be delivered hereunder, Partners have no actual knowledge of any violations or alleged violations of any federal, state, county or other governmental or law, statute, ordinance, regulation or administrative or judicial order with respect to the Partner's Property.

7. NOTICE

Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by either party to the other may be effected by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated upon delivery or as of mailing. Mailed notices shall be addressed as set forth below, but each party may change his address by written notice in accordance with this Section.

Partners:
The Hudson Company
23041 Avenida De La Carlota, #210
Laguna Hills, California 92653
Attention: R. Kosi or Phil Sirianni, Jr.

City:
City of Redlands
P.O. Box 3005
Redlands, California 92373
Attention: Administrative Services Director

8. GENERAL PROVISIONS

8.1 Entire Agreement. This Agreement supersedes any prior oral or written agreement and contains the entire agreement of the Parties as to the matters covered hereby. All obligations of City and Partners under this Agreement and the Escrow shall be joint and several.

8.2 Time is of the Essence. Time is of the essence of this Agreement and the Escrow referred to herein.

8.3 Captions and Construction. The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the paragraph shall control and govern in the construction of this Agreement. This Agreement shall be construed as a whole and in accordance with its fair meaning. Organization is for convenience and shall not be used in construing meaning.

8.4 City's Performance. Close of Escrow and performance of any duty imposed on City by this Agreement is conditioned on Partners' full performance of all duties imposed on Partners in this Agreement.

8.5 Partners' Performance. Close of Escrow and performance of any duty imposed on Partners by this Agreement is conditioned on City's full performance of all duties imposed on City in this Agreement.

8.6 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

9.7 Successors and Assigns. Each covenant and condition contained in this Agreement shall inure to the benefit of and be binding on the Parties to this Agreement, their respective heirs, personal representatives, assigns, and other successors in interest.

8.8 Attorney's Fees. If any party shall bring an action against another arising out of this Agreement, then the party in whose favor the final judgement is entered shall be entitled to have and recover from the other party its reasonable attorney's fees and other reasonable expenses in

connection with such action or proceedings, in addition to its recoverable court costs.

9. HAZARDOUS SUBSTANCES

The Parties represent and warrant that, to the best of the Parties' knowledge there exists no "Hazardous Materials" (as such term is herein defined) nor oil wells, underground storage tanks, or pipelines in, on, under, or about the City's Property and the Partners' Property.

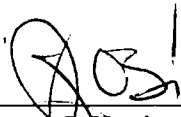
For the purpose of this Section, "Hazardous Material" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivative product or by product thereof; (ii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (iii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iv) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Code of Regulations, Division 4, Chapter 30; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. § 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601); (xiii) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipeline, as now, or at any time hereafter, in effect.

10. BROKERS AND FINDERS

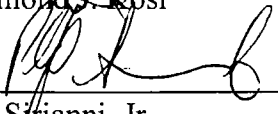
City and Partners acknowledge that the execution of this Agreement was not induced or procured through any person, firm, or corporation acting as a broker or finder.

IN WITNESS WHEREOF, the Parties hereto executed this Agreement on the dates set forth opposite their respective signatures hereto.

PARTNERS:



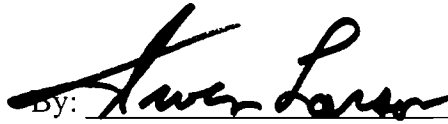
Raymond J. Risi



Phil Sfrianni, Jr.

Executed this 23rd day of August, 1995,
at Newport Beach, California

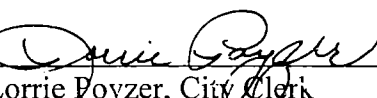
CITY OF REDLANDS

By: 

Swen Larson, Mayor


Executed this 5th day of ~~August~~ ^{Sept.}, 1995,
at Redlands, California

ATTEST:

By: 

Lorrie Poyzer, City Clerk

EXHIBIT "A"

Parcel A:

Lots 14 and 15, Tract No. 12083-1, in the County of San Bernardino, State of California, as per Map recorded in Book 176 of Maps, Page(s) 63 and 64, in the Office of the County Recorder of said County.

Parcel B:

All of the North one-half of the South one-half of Section 13, Township 1 South, Range 3 West, San Bernardino Base and Meridian, City of Redlands, County of Riverside, State of California, according to the Official Plat thereof.

Except the East 988.20 feet of the Northwest one-quarter and all of the Northeast one-quarter both of the Southeast one-quarter of said Section 13.

Also except that portion of the North one-half of the Southwest one-quarter conveyed to the City of Redlands by deed recorded August 3, 1964, in Book 6202, Page 956, Official Records of said County, described as follows:

Beginning at the Northwest corner of the Southwest one-quarter of Section 13; thence Easterly along the North line of said Southwest one-quarter, North 89° 30' 34" East 1800 feet; thence South 86° 19' 17" West 1802.78 feet to the West line of Section 13; thence along the West line of said Section 13, North 0° 32' 14" West 100 feet to the Northwest corner of the Southwest one-quarter of Section 13 and the point of beginning.

Also except that portion of the South one-half of said Section 13 conveyed to the City of Redlands by deed recorded February 1, 1974, in Book 8360, Page 34, Official Records and re-recorded May 17, 1974, in Book 8433, Page 1042, Official Records of said County, described as follows:

All that portion of the South one-half of Section 13, Township 1 South, Range 3 West, San Bernardino Base and Meridian, in the City of Redlands, County of San Bernardino, State of California, described as follows:

Commencing at the Northwest corner of the South one-half of said Section; thence Easterly along the North line of the South one-half of said Section North 89° 54' 45" East 1800 feet (recorded as North 89° 30' 34" East 1800 feet by deed recorded in Book 6202, Page 956, Official Records of said County) to the true point of beginning; thence continuing along the North line of the South one-half of said Section, North 89° 54' 45" East 1132.56 feet to a point which is South 89° 54' 45" West 2305.45 feet from the Northeast corner of the South one-half of said Section; thence South 87° 03' 23" West 1134.05 feet; thence South 84° 19' 30" West 1810.30 feet to a point on the West line of

said South one-half of Section 13; thence North $0^{\circ} 21' 07''$ East along the West line of said South one-half of Section 13, 132.47 feet to the Southwest corner of that certain parcel of land conveyed to the City of Redlands by the aforesaid deed recorded in Book 6202, Page 956, Official Records of said County; thence North $86^{\circ} 43' 28''$ East along the Southerly line of the aforesaid parcel deeded to the City of Redlands, 1803.56 feet (recorded by said deed as South $86^{\circ} 19' 17''$ West 1802.78 feet) to the point of beginning.

Also except, that portion of the North one-half of the South one-half of Section 13, lying within the boundaries of Tract No. 12083-1, as per map recorded in Book 176 of Maps, Page(s) 63 and 64, Records of said County.

Note: Said land is shown as the remainder parcel of Tract No. 12083-1, as per map recorded in Book 176 of Maps, Page(s) 63 and 64, Records of said County.

EXHIBIT "A" B

Parcel No. 1:

All that portion of the Southwest 1/4 of Section 16, Township 1 South, Range 3 West, San Bernardino Base and Meridian, beginning at a point 1419 feet East of the Southwest corner of said Section 16; thence North 1° 20' East 720.55 feet; thence East 475.38 feet; thence South 0° 01' West 720.34 feet; thence West 492.16 feet to the point of beginning.

Except therefrom that portion conveyed to the State of California by Deed recorded July 31, 1980, as Instrument No. 80-170199, in the Office of the Recorder of said County.

Parcel No. 2:

That portion of the East half of the Southwest quarter of Section 16, Township 1 South, Range 3 West, San Bernardino Base and Meridian, according to the Official Plat thereof dated September 4, 1858, described as follows:

Beginning at the Northwest corner of that certain parcel of land conveyed to the State of California by Deed recorded June 15, 1979, in Book 9708, Page 672, as Document No. 375, Official Records of said County; thence along the West line of said parcel, South 0° 06' 23" East 522.61 feet to a point 49.67 feet Northerly of the South line of said Section; thence North 89° 59' 13" East 74.74 feet to the beginning of a tangent curve concave Northwesterly and having a radius of 30.00 feet; thence Course "A", Easterly, Northeasterly and Northerly along said curve through an angle of 103° 22' 59", a distance of 54.13 feet; thence Course "B", North 13° 23' 46" West, 258.24 feet to the beginning of a tangent curve concave Easterly and having a radius of 400.00 feet; thence Course "C", Northerly along said curve through an angle of 41° 07' 12", a distance of 287.07 feet; thence Course "D", North 27° 43' 26" East 412.24 feet to the beginning of a tangent curve concave Northwesterly and having a radius of 905.00 feet; thence Course "E", Northerly along said curve through an angle of 20° 25' 14", a distance of 322.55 feet; thence Course "F", North 07° 18' 12" East, 143.68 feet to the beginning of a nontanget curve concave Southerly and having a radius of 1070.00 feet; thence Westerly along said curve from a tangent bearing North 77° 17' 30" West through an angle of 12° 38' 34", a distance of 236.10 feet; thence North 89° 56' 04" West 100.00 feet; thence North 00° 03' 56" East 10.00 feet to the North line of that certain parcel of land conveyed to the State of California by Deed recorded August 13, 1979, in Book 9748, Page 440, as Document No. 269, Official Records of said County; thence along said North line North 89° 56' 04" West, 54.19 feet to the Northwest corner of last said parcel; thence along the West line of last said parcel, South 00° 06' 23" East 894.13 feet to the point of beginning.