

STANDSTILL AGREEMENT

This Standstill Agreement ("Agreement") is made this 1st day of March, 1995 by and between the City of Redlands, a municipal corporation ("City") and Long's Drug Stores of California, Inc. ("Long's").

RECITALS

Whereas, on April 9, 1994, City and Long's discovered there was sewage overflowing into Long's' facility located at 800 Tri City Center Drive in the City of Redlands, California (the "Property"); and

Whereas, a dispute has arisen between City and Long's as to whom is responsible for causing such sewage overflow; and

Whereas, City and Long's desire a standstill period to allow them to discuss settlement of their dispute over the sewage backup to Long's' Property while protecting all potential claims and defenses relating to or arising out of the dispute; and

Whereas, City and Long's believe that their on-going efforts to reach agreement on, and cooperatively proceed with, negotiations regarding the settlement of the their dispute would be hindered if City and Long's were required to initiate or become actively involved in litigation;

Now, therefore, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt of which is hereby acknowledged, City and Long's hereby agree as follows:

AGREEMENT

1. Any and all statutes of limitations applicable to any claims, causes of action, rights, demands for arbitration or reference, actions, and proceedings, including the filing of any action following the rejection by a public entity of a claim filed pursuant to Government Code Section 945.6, either City or Long's may have against the other party arising out of or relating to the facts and circumstances of the dispute over the sewage backup to Long's' property, including unknown and contingent claims, are deemed tolled as of the date first written above and shall remain tolled until June 30, 1995 or thirty (30) days after written notice is given by either City or Long's to the other of its intent to terminate this Agreement.

2. Any defenses which City or Long's may have, including those based on laches or related equitable doctrines, shall not be based upon or supported in any way by the postponement of the assertion of any claim or defense during the standstill period.

3. This Agreement in no way constitutes an admission by City or Long's of any fault or liability, or lack thereof, on the part of either party, in relation to any potential or existing lawsuit, claim, action or matter.

4. This Agreement constitutes the complete understanding of City and Longs as to the matters contained herein, and may not be modified except by a writing signed by each of the parties hereto.

5. This Agreement may be executed in counterparts.

6. This Agreement, and the provisions contained herein, shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

7. The terms, conditions, covenants and agreements as set forth in this Agreement shall apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

8. The undersigned acknowledge and represent that they have read this Agreement and consulted with their respective attorneys concerning its contents and consequences, that this Agreement is being executed solely in reliance on their respective judgment, belief, and knowledge of the matters set forth herein and on the advice of their attorneys, and that this Agreement contains the entire agreement between the parties as to the matters contained herein (except for specific related agreements contemplated by this agreement or mutually executed written amendments to this agreement). This Agreement, negotiated by the parties and their counsel, integrates all the subject terms and conditions and supersedes all negotiations of previous agreements between the parties concerning this specific subject matter of this Agreement.

Either party hereto may terminate this Agreement by providing thirty (30) days prior written notice to the other of its intent to terminate this Agreement.

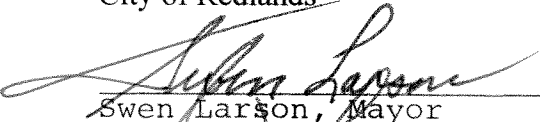
9. The signatories on behalf of City and Longs by their signatures represent and covenant that they have the power and authority to execute this Agreement on behalf of that party.

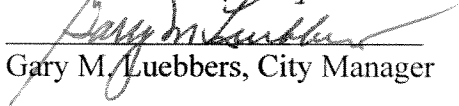
10. In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement, the prevailing party shall, in addition to any costs or other relief be entitled to the recovery of its reasonable attorney's fees.

In witness whereof, the parties have executed this agreement as of the date set forth below.

City of Redlands

Longs Drug Stores of California, Inc.


Swen Larson, Mayor


Gary M. Luebbbers, City Manager

By: 

Its: 

3-7-95
Date

Date