

1 Charles R. Green (Bar No. 068331)
2 Alexis G. Crump (Bar No. 139014)
3 SABO & GREEN
4 A Professional Corporation
5 6320 Canoga Avenue, Suite 400
6 Woodland Hills, CA 91367
7 (818) 704-0195

8 Attorneys for Respondents and Defendants
9 COUNTY OF SAN BERNARDINO,
10 CITY OF SAN BERNARDINO,
11 CITY OF COLTON, CITY OF LOMA LINDA and
12 INLAND VALLEY DEVELOPMENT AGENCY

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA

14 FOR THE COUNTY OF ORANGE

15 CITY OF REDLANDS, a municipal)
16 corporation,)
17)
18 Plaintiff and Petitioner,)
19)
20 vs.)
21)
22 COUNTY OF SAN BERNARDINO, et al.,)
23)
24 Defendants and Respondents.)

CASE NO. 680255

[SAN BERNARDINO COUNTY
SUPERIOR COURT CASE
NO. 255222 (Master File)
and CASE NO. 256889]

JUDGMENT

25 Upon application of the parties to this action, and
26 good cause appearing therefor:

27 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

28 1. This judgment is made and entered with respect to
San Bernardino Superior Court Case Numbers 255222 and 256889,
which were consolidated for all purposes under Master File Number
256889. This consolidated action was transferred to the Superior
Court of Orange and assigned file number 680255. These actions
shall hereinafter be referred to as the "Consolidated Action".
This judgment represents a final adjudication of all claims and

///

FILED

JUN 15 1992

GARY L. GRANVILLE, County Clerk

By _____ DEPUTY

1 causes of action alleged by any party to the Consolidated Action.

2 2. This Consolidated Action was properly brought
3 before this Court and this Court has acquired jurisdiction to
4 hear this action and render judgment herein.

5 3. The Inland Valley Development Agency (the "IVDA")
6 was properly formed and validly exists. Its constituent members,
7 the County of San Bernardino, the City of San Bernardino, the
8 City of Colton and the City of Loma Linda (hereinafter
9 collectively referred to as the "Members") observed all necessary
10 procedural steps required by all laws of the State of California
11 for the formation of the IVDA.

12 4. The Amended Joint Exercise of Powers Agreement
13 (Inland Valley Development Agency) (the "Joint Powers Agreement")
14 was properly approved, executed and entered into under Article I
15 of Chapter 5 of Division 7 of Title 1 of the Government Code
16 (Section 6500 et seq.) and under Health and Safety Code
17 Section 33320.5, and is valid in all respects and legally
18 enforceable in accordance with its terms.

19 5. The Redevelopment Plan for the Inland Valley
20 Redevelopment Project Area (the "Redevelopment Plan") was validly
21 prepared and adopted by the IVDA in accordance with all
22 applicable laws, including applicable provisions of the Community
23 Redevelopment Law (Health and Safety Code Section 33000 et seq.)
24 and the California Environmental Quality Act (Public Resources
25 Code Section 21000 et seq.) ("CEQA") and the Redevelopment Plan,
26 and all provisions thereof, consolidates a valid and legally
27 enforceable document in accordance with its terms.

28 ///

1 6. The Environmental Impact Report prepared on behalf
2 of and adopted by the IVDA in connection with the adoption of the
3 Redevelopment Plan is valid and complies with the requirements of
4 CEQA in all respects.

5 7. The parties to this action have entered into a
6 Stipulation for Entry of Judgment (the "Stipulation"), a copy of
7 which is attached as Exhibit "A". The Court hereby approves the
8 Stipulation and makes it a part of this judgment, binding each of
9 the parties and the terms thereof. The Joint Powers Agreement
10 and the Redevelopment Plan will be implemented consistent with
11 the Stipulation and Settlement Agreements.

12 8. This judgment is a judgment of validation under
13 Code of Civil Procedure Section 860 et seq., and shall be forever
14 binding and conclusive as to all matters adjudicated or which
15 could have been adjudicated, and shall permanently enjoin the
16 institution by any person of any action or proceeding raising any
17 issue as to which this judgment is binding and conclusive.

18 9. Each of the parties shall bear their own costs and
19 fees incurred in connection with this action.

20 Dated: 6/5/92
21

ROY G. MacFARLAND
Judge of the Superior Court

22
23
24
25 CSBO/0007/DOC/95
26
27
28

SABO & GREEN

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
SUITE 400
6320 CANOGA AVENUE
WOODLAND HILLS, CALIFORNIA 91367

(818) 704-0195

ENCLOSURE MEMO

Date: June 9, 1992

To: Norman McMenemy, Director of the Community
Redevelopment Agency
CITY OF REDLANDS
30 Cajon Street, 2nd Floor
Redlands, California 92373

From: Laura Welch, Secretary to Charles R. Green

Re: City of Redlands vs. County of San Bernardino, et al., Orange
County Superior Court Case No. 680255; San Bernardino
Superior Court Case Nos. 255222 (Master File) and 256889;
Our File CSBO0007.

Enclosed for your file please find a copy of the fully executed
Stipulation for Entry of Judgment and Joint Request for Dismissal.
These two documents were filed with the Glenn County Superior Court
on June 4, 1992.

CSBO\0007
VIA FEDERAL EXPRESS

1 Charles R. Green (Bar No. 068331)
2 Alexis G. Crump (Bar No. 139014)
3 SABO & GREEN
4 A Professional Corporation
5 6320 Canoga Avenue, Suite 400
6 Woodland Hills, CA 91367
7 (818) 704-0195

8 Attorneys for Respondents and Defendants
9 COUNTY OF SAN BERNARDINO,
10 CITY OF SAN BERNARDINO,
11 CITY OF COLTON, CITY OF LOMA LINDA and
12 INLAND VALLEY DEVELOPMENT AGENCY

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

CITY OF REDLANDS, a municipal	)	CASE NO. 680255
corporation,	)	
Plaintiff and Petitioner,	)	[SAN BERNARDINO SUPERIOR
	)	COURT CASE NO. 255222
vs.	)	(Master File) and
	)	CASE NO. 256889]
COUNTY OF SAN BERNARDINO, <u>et al.</u> ,	)	JOINT REQUEST FOR
	)	DISMISSAL OF
Defendants and Respondents.	)	INTERESTED PARTIES

Request is hereby made that the following parties be
dismissed from San Bernardino Superior Court Case Numbers 255222
and 256889, consolidated for all purposes under Master File
Number 256889 and transferred to Orange County Superior Court as
Case Number 680255. All of said parties appeared in this action
as Interested Parties. The names of said parties appear below.

///

///

///

///

1 A. Interested Parties To Be Dismissed:

- 2 1. San Bernardino County Superintendent of Schools
3 2. Colton Unified School District
4 3. San Bernardino Community College District
5 4. San Bernardino City Unified School District
6 5. Redlands Unified School District

7
8 B. Consents

9 Consent is hereby given to dismissal of the above named
10 parties.

11 Plaintiff: City of Redlands

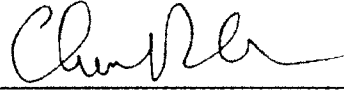
12 RICHARDS, WATSON & GERSHON

13 By: Amanda Susskind
14 Amanda Susskind

1 Consent is hereby given to dismissal of the above named
2 parties.

3
4 Defendants: Inland Valley Development Agency, County of
5 San Bernardino, City of Colton, City of
6 Loma Linda

7 SABO & GREEN,
8 A Professional Corporation

9
10 By: 
11 Charles R. Green
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Interested
Party:

City of Highland

BRUNICK, ALVAREZ & BATTERSBY

By: Marguerite P. Battersby
Marguerite P. Battersby

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Interested
Party:

East Valley Association, in Propria Persona

By: Helen K. Pappas - Vice Chair

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Interested
Party:

San Bernardino County Superintendent
of Schools, Colton Unified School
District, San Bernardino Community
College District

BRUNICK, ALVAREZ & BATTERSBY

By: William Brunick

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Interested
Party:

San Bernardino City Unified School District,
Redlands Unified School District,

ATKINSON, ANDELSON, LOYA,
RUUD & ROMO

By: Leonard D. Brinley
Leonard D. Brinley

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ORDER

Good cause appearing therefor, the interested parties identified in Section A above are hereby dismissed from this action with prejudice.

JUDGE OF THE SUPERIOR COURT

CSBO\0007\DOC\96

1 Charles R. Green (Bar No. 068331)
2 Alexis G. Crump (Bar No. 139014)
3 SABO & GREEN
4 A Professional Corporation
5 6320 Canoga Avenue, Suite 400
6 Woodland Hills, CA 91367
7 (818) 704-0195

8 Attorneys for Respondents and Defendants
9 COUNTY OF SAN BERNARDINO,
10 CITY OF SAN BERNARDINO,
11 CITY OF COLTON, CITY OF LOMA LINDA and
12 INLAND VALLEY DEVELOPMENT AGENCY

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

14 **FOR THE COUNTY OF ORANGE**

15 CITY OF REDLANDS, a municipal	)	CASE NO. 680255
16 corporation,	)	
17	)	[SAN BERNARDINO SUPERIOR
18 Plaintiff and Petitioner,	)	COURT CASE NO. 255222
19	)	(Master File) and
20 vs.	)	CASE NO. 256889]
21	)	
22 COUNTY OF SAN BERNARDINO, <u>et al.</u> ,	)	STIPULATION FOR
23	)	ENTRY OF JUDGMENT
24 Defendants and Respondents.	)	
25	)	

26 IT IS HEREBY STIPULATED by and among the County of
27 San Bernardino and the Cities of San Bernardino, Colton and
28 Loma Linda (collectively, the "Members"), the Inland Valley
Development Agency (the "IVDA"), the City of Redlands
("Redlands"), the City of Highland ("Highland") and the East
Valley Association (the "Association") individually and, where
represented, through their respective attorneys, that the above
captioned cases have been settled on the following terms:

1. The IVDA, Redlands, Highland and the Association
have entered into that certain Agency Settlement Agreement, a

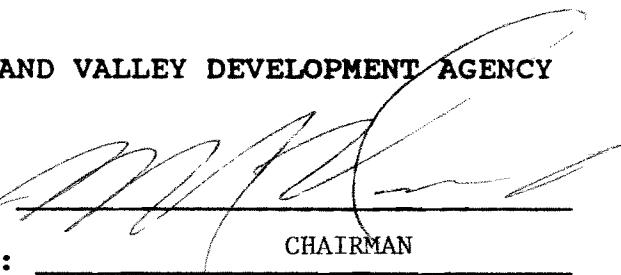
1 copy of which is attached hereto as Exhibit "1" and incorporated
2 herein by reference.

3 2. The Members, Redlands, Highland and the
4 Association have entered into that certain Members' Settlement
5 Agreement, a copy of which is attached hereto as Exhibit "2" and
6 incorporated herein by reference.

7 3. The Members, Redlands and Highland have entered
8 into that certain Joint Exercise of Powers Agreement Creating an
9 Agency to be Known as the San Bernardino Regional Airport
10 Authority, a copy of which is attached hereto as Exhibit "3" and
11 incorporated herein by reference.

12 4. A judgment shall be entered in this consolidated
13 action as set forth in Exhibit "4", attached hereto and
14 incorporated by reference.

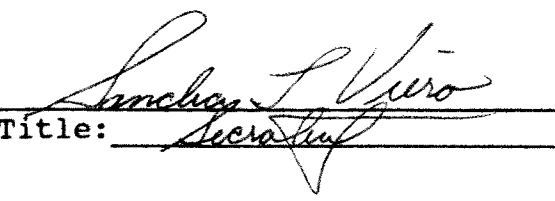
15 INLAND VALLEY DEVELOPMENT AGENCY

16
17 By: 
18

19 Its: _____

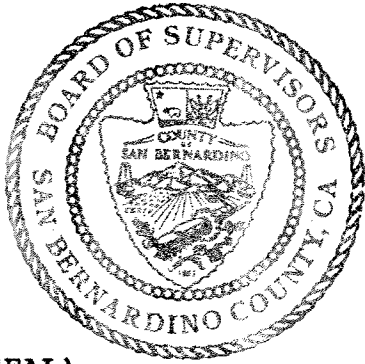
CHAIRMAN

20 (SEAL)
ATTEST:

21
22 
23 Title: Secretary

24 Approved as to Form and Content:
25 SABO & GREEN, a Professional Corporation

26 By: 
27
28



COUNTY OF SAN BERNARDINO

By: Larry Walker
LARRY WALKER MAY 11 1992
Its: Chairman, Board of Supervisors

(SEAL)

ATTEST:

EARLENE SPROAT, Clerk of
the Board of Supervisors

By

Title:

Mary Louise Levasio
Deputy

Approved as to Form and Content:

SABO & GREEN, a Professional Corporation

By: Chen Bl

CITY OF SAN BERNARDINO, CALIFORNIA

By: [Signature]

Its: _____

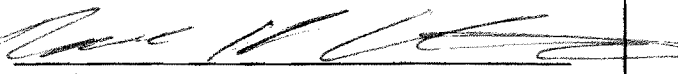
(SEAL)
ATTEST:

Rachel Krasney
Title: _____

Approved as to Form and Content:
SABO & GREEN, a Professional Corporation

By: [Signature]

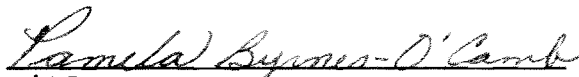
CITY OF LOMA LINDA, CALIFORNIA

By: 

Robert H. Christman

Its: Mayor

(SEAL)
ATTEST:


Title: City Clerk

Approved as to Form and Content:
SABO & GREEN, a Professional Corporation

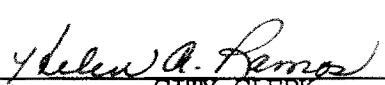
By: 

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CITY OF COLTON, CALIFORNIA

By: 
Its: MAYOR

(SEAL)
ATTEST:


Title: CITY CLERK

Approved as to Form and Content:
SABO & GREEN, a Professional Corporation

By: 

CITY OF REDLANDS, CALIFORNIA

By: [Signature]

Its: Mayor

(SEAL)
ATTEST:

Beatrice Sanchez
Title: Deputy City Clerk

Approved as to Form and Content:
RICHARDS, WATSON & GERSHON

By: Armanda Juskind

CITY OF HIGHLAND, CALIFORNIA

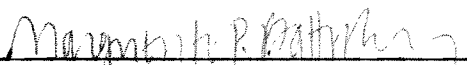
By: 
Dennis Johnson

Its: Mayor

(SEAL)
ATTEST:


Title: Deputy City Clerk

Approved as to Form and Content:
BRUNICK, ALVAREZ & BATTERSBY

By: 
Marguerite P. Battersby, City Attorney

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EAST VALLEY ASSOCIATION
In Propria Persona

By: Allen Kozynski

Its: Vice-Chair

CSBO\0007\DOC194

EXHIBIT "1"

AGENCY SETTLEMENT AGREEMENT

by and among

Inland Valley Development Agency

City of Redlands

City of Highland

and

East Valley Association

TABLE OF CONTENTS

1.

AIRPORT OPERATION

Section 1.1	Establishment of Regional Airport Authority	3
Section 1.2	Authority Powers Exclusive	3
Section 1.3	Agency Loans to Authority Members	3

2.

AIRPORT STANDARDS

Section 2.1	Establishment of Airport Standards	4
Section 2.2	Airport Standards Control	4

3.

LAND USE AND RELATED ISSUES

Section 3.1	Conformity with Redlands' Land Use Requirements	5
Section 3.2	Eminent Domain	5

4.

MITIGATION MEASURES

Section 4.1	Responsibility for Mitigation	5
-------------	---	---

5.

COUNTY TERRITORIES

Section 5.1	Redlands' Annexation	6
Section 5.2	Tax Sharing Upon Annexation	6
Section 5.3	Utility Service to County Territories	8

6.

ANNEXED TERRITORIES

Section 6.1	Exclusion From Project Area	8
-------------	---------------------------------------	---

7.

COOPERATION IN FEDERAL ISSUES

Section 7.1	Base Transfer	8
Section 7.2	Environmental Cleanup	9
Section 7.3	Cooperation in Goals of Agreement	9

8.

RESOLUTION OF LEGAL ACTIONS

Section 8.1	Stipulated Judgment	9
Section 8.2	Release by Redlands, Highland and the Association	9
Section 8.3	Release by Agency	9
Section 8.4	No Admissions	9
Section 8.5	Prior Attorneys' Fees and Costs	10

9.

REMEDIES

Section 9.1	All Legally Available Remedies	10
Section 9.2	Jurisdiction	10
Section 9.3	Attorneys' Fees	10

10.

GENERAL PROVISIONS

Section 10.1	Scope of Agreement; Successors in Interest . .	10
Section 10.2	Amendments and Assignments	11
Section 10.3	California Law	11
Section 10.4	Indemnification	11
Section 10.5	Waiver	11
Section 10.6	Severability	12
Section 10.7	Execution in Counterparts	12
Section 10.8	Effective Date of Agreement	12

EXHIBIT "A"	- DESCRIPTION OF COUNTY TERRITORIES
EXHIBIT "B"	- DESCRIPTION OF ANNEXED TERRITORIES
EXHIBIT "C"	- MEMBERS' SETTLEMENT AGREEMENT
EXHIBIT "D"	- AUTHORITY AGREEMENT
EXHIBIT "E"	- POTENTIAL MITIGATION MEASURES
EXHIBIT "F"	- STIPULATION FOR SETTLEMENT AND ENTRY OF JUDGMENT
EXHIBIT "G"	- JUDGMENT

AGENCY SETTLEMENT AGREEMENT

This Agreement (the "Agency Settlement Agreement") is entered into this 28 day of APRIL 1992, by and among the INLAND VALLEY DEVELOPMENT AGENCY, the CITY OF REDLANDS ("Redlands"), the CITY OF HIGHLAND ("Highland") and the EAST VALLEY ASSOCIATION (the "Association").

R E C I T A L S

WHEREAS, in January and February of 1990, the County of San Bernardino and the Cities of San Bernardino, Colton and Loma Linda (collectively, the "Members") entered into an agreement (the "Agency Agreement") to form the Inland Valley Development Agency (the "Agency"), a joint powers authority with certain powers of a redevelopment agency under the authority of Health and Safety Code Section 33320.5;

WHEREAS, from February through July of 1990, the Agency took steps to adopt that certain Redevelopment Plan For The Inland Valley Redevelopment Project Area (the "Plan") for a redevelopment project area (the "Project Area") that encompasses the site of the Norton Air Force Base (the "Base") and other areas as permitted by law;

WHEREAS, the Members' purpose in forming the Agency and the Agency's purpose in adopting the Plan was to redevelop the Project Area and to consider the conversion of the Base into a civilian aviation facility (the "Airport Facility");

WHEREAS, portions of the Project Area, which are described in Exhibit "A" attached hereto and incorporated herein, are in the County unincorporated area and in Redlands' sphere of influence (the "County Territories"), are proposed by Redlands to be annexed into the municipal boundaries of Redlands and are surrounded by Redlands in whole or in part;

WHEREAS, the Project Area as initially proposed by the Agency included two areas that were annexed by Redlands prior to the ordinance approving the Plan becoming effective, which areas are described in Exhibit "B" attached hereto and incorporated herein (the "Annexed Territories"), and which annexation effectively deleted such areas from the Project Area and the Plan;

WHEREAS, in March of 1990, Redlands filed Case No. 255222 in the San Bernardino Superior Court, a complaint to invalidate the formation of the Agency;

WHEREAS, in April of 1990, the Agency filed a cross-complaint in Case No. 255222 seeking to validate the formation of the Agency;

WHEREAS, appearances were also made in Case No. 255222 by Redlands Unified School District, San Bernardino City Unified School District, San Bernardino County Superintendent of Schools, Colton Unified School District and San Bernardino Community College District (collectively, the "Schools"), Highland and the Association;

WHEREAS, in June of 1990, Redlands filed Case No. 256889 in the San Bernardino Superior Court, a petition for writ of mandate challenging the environmental analysis of the formation of the Agency; in August of 1990, Redlands amended the petition to challenge the environmental analysis of the Plan and to include a complaint to invalidate the Plan and the proceedings related thereto, a complaint for declaratory relief and a complaint for injunctive relief; and, in March of 1991, Redlands filed a Second Amended Complaint and Petition;

WHEREAS, appearances were also made in Case No. 256889 by the Association, the Schools and Highland;

WHEREAS, the parties desire to be cognizant of noise considerations and other potential adverse environmental impacts of both the Airport Facility and development within the surrounding communities, and the parties desire that the Project Area, the Airport Facility and surrounding areas within Highland and Redlands be developed and operated in the manner and to the extent necessary to encourage employment opportunities and economic development in the interests of all parties to this Agency Settlement Agreement and as set forth in this Agency Settlement Agreement;

WHEREAS, the Schools have resolved the disputes with the Agency and have filed stipulated judgments to that effect;

WHEREAS, the Members, Redlands and Highland are contemporaneously entering into that certain Settlement Agreement of even date herewith (the "Members' Settlement Agreement"), and a copy of which is attached hereto as Exhibit "C" and incorporated herein; and

WHEREAS, the parties desire to resolve the disputes between them that are embodied in Case No. 255222 and Case No. 256889 (both of which cases have been consolidated and transferred to Orange County Superior Court as Case No. 680255, but which will be referred to herein by their San Bernardino Superior Court case numbers) by the terms and conditions in this Agency Settlement Agreement.

NOW, THEREFORE, the parties agree as follows:

1. AIRPORT FACILITY OPERATION

Section 1.1 Establishment of Regional Airport Authority. The Airport Facility (which for the purposes of this Agency Settlement Agreement includes those portions of the Base as may hereafter be transferred from the federal government upon closure, namely the airfield and aviation support areas) shall be developed, operated and maintained by that certain regional airport authority entitled the San Bernardino Regional Airport Authority (the "Authority") to be created by that certain agreement entitled Joint Exercise of Powers Agreement Creating an Agency to be Known as the San Bernardino Regional Airport Authority (the "Authority Agreement") to be entered into by and among the County of San Bernardino, the Cities of San Bernardino, Colton, Loma Linda, Redlands and Highland. The Authority Agreement shall be in the form attached hereto as Exhibit "D" and incorporated herein. The Association, as a private citizens' group, shall not be a party to the Authority, which shall be comprised of public entities only. As further provided in Section 10.8 hereof, this Agency Settlement Agreement shall only become effective upon the successful formation of the Authority as set forth in said Section, and upon execution in full of the Members' Settlement Agreement.

Section 1.2 Authority Powers Exclusive. The Authority's powers set forth in the Authority Agreement shall be exclusive. The Authority's inherent powers are restricted by the Authority Agreement and the Authority shall have no legal authority to act except as set forth therein and except as otherwise provided by law. The Agency shall not own, develop, operate or maintain, or exercise any form of control with respect to, the Airport Facility except as specifically provided in the Authority Agreement and under the circumstances set forth therein or otherwise as may be agreed to by the Authority. The Agency, Redlands and Highland shall take no steps, nor shall they cause steps to be taken, that would be contrary to the provisions of this section, such as, but not limited to, seeking or causing to be sought the transfer of the Airport Facility to any entity other than the Authority, except for a transfer to the County of San Bernardino of the operational control of all or a portion of the Airport Facility under the conditions described in Section 12(b) of the Authority Agreement, unless the Authority is terminated pursuant to the Authority Agreement.

Section 1.3 Agency Loans to Authority Members. The Agency agrees that in the event the Agency in its sole discretion determines to loan moneys for the annual budgeted expenses of the Authority either (i) to any one or more members of the Authority or (ii) to the Authority for the account of or on behalf of any such member or members of the Authority where such loan is for the

funding in whole or in part of all or any portion of such member's share of the annual budgeted expenses of the Authority, the opportunity to receive such loan shall be offered on the same terms and conditions to each member of the Authority. The Agency shall determine the rate of interest per annum that shall be applicable on such loan for the fiscal year during which advances shall be made by the Agency which rate of interest per annum shall remain in effect until the principal balance of such loan, plus accrued interest, shall have been repaid in full either by the applicable member of the Authority or by the Authority on behalf a member of the Authority.

The Agency shall have the discretion whether or not to enter into loan agreements with the Authority or its members and to determine the total principal amount of loan funds to be made available for such loans and the period of time during which such loan funds may be drawn upon by the Authority or by a member of the Authority. As an alternative, the Agency may, with the consent of the Authority, either (i) loan moneys directly to the Authority, or (ii) provide for the payment of staff salaries, consultant contracts and other administrative costs for the benefit of the Authority which are set forth as the annual budgeted expenses of the Authority, on such terms and conditions as may be hereafter agreed to by and between the Agency and the Authority. Nothing contained herein shall in any manner commit the Agency to loan moneys, enter into loan agreements with members or to pay any portions of the administrative expenses of the Authority as set forth in an annual budget of the Authority; however, the Agency does hereby commit that if loans are offered to any one or more members of the Authority for the payment of said members' share of the annual budgeted expenses of the Authority, loans on the same terms and conditions shall be offered to all members of the Authority as provided above.

2. AIRPORT STANDARDS

Section 2.1 Establishment of Airport Standards. The Airport Facility shall be developed, operated and maintained in accordance with the standards of operation and development of the Airport Facility as may be established by the Authority (the "Airport Standards") to be administered in such manner as deemed appropriate by the Authority in accordance with the Authority Agreement.

Section 2.2 Airport Standards Control. The Airport Standards in such form and content as may be established by the Authority shall control the development, operation and maintenance of the Airport Facility. The Agency shall not implement any provisions relating to the standards of development, operation or maintenance of the Airport Facility, except to the extent as may be

agreed to or requested by the Authority and except as otherwise provided in the Authority Agreement

3. LAND USE AND RELATED ISSUES

Section 3.1 Conformity with Redlands' Land Use Requirements. The Agency agrees that the installation, improvement, operation, use or construction of improvements and developments undertaken or caused to be undertaken by the Agency within the municipal boundaries of Redlands (as they now exist or may be later amended) are and shall be subject in all respects to Redlands' land use requirements. The Agency agrees that it shall have no immunity or exemption from Redlands' land use requirements unless the Agency is otherwise provided such immunity by written agreement with Redlands or by virtue of state or federal laws applicable to the Agency. When the Agency exercises redevelopment powers, such laws shall include laws applicable to redevelopment agencies, including Health and Safety Code Section 33320.5. For the purposes of this Section 3.1, "land use requirements" means: planning, zoning, subdivision and noise requirements; ordinances; subdivision, development, impact or other fees; and discretionary review procedures.

Section 3.2 Eminent Domain. The Agency agrees that it shall not exercise or cause to be exercised the powers of eminent domain with respect to acquiring real property for any purpose which at the time of acquisition is within the municipal boundaries of Redlands (as they now exist or may be later amended) without the consent of Redlands by four (4) affirmative votes of the Redlands City Council.

4. MITIGATION MEASURES

Section 4.1 Responsibility for Mitigation. It is anticipated by the parties hereto that various development activities by the Agency, the Authority, Highland or Redlands within the Project Area or surrounding areas may have adverse environmental impacts on the surrounding areas ("Impacts"). In the event that the Agency, Redlands or Highland undertake, or cause or assist in the undertaking of, development activities which may cause Impacts, such entity shall endeavor to mitigate such Impacts in whatever manner as may be appropriate, consistent with the requirements of state and federal laws. It is the intention of the parties hereto that in the event the Authority undertakes, or causes or assists in the undertaking of, development activities which cause Impacts, the Authority shall endeavor to mitigate such Impacts in whatever manner as may be appropriate, consistent with the requirements of state and federal laws. The parties anticipate that the Impacts may be mitigated by and agree to consider taking

those mitigation measures listed in Exhibit "E" which is attached hereto and incorporated herein by reference, which Exhibit is not intended to be exclusive.

5. COUNTY TERRITORIES

Section 5.1 Redlands' Annexation. The Agency shall not take any action to oppose Redlands' efforts to annex the County Territories, directly or indirectly.

Section 5.2 Tax Sharing Upon Annexation. Upon the successful annexation by Redlands of all or any portion of the County Territories, the Agency shall take such action as may be required whether by agreement with the County of San Bernardino or by amendment to the Plan or otherwise that would allow Redlands to receive taxes levied upon the assessed value of taxable property in the annexed portions of the County Territories in any fiscal year which exceeds the assessed value in fiscal year 1989-90 (the "Base Year"), as follows: the ad valorem property taxes that would otherwise be allocated to Redlands (in the absence of the Plan) attributable to assessed value in excess of the Base Year assessed value shall be remitted by the County Auditor-Controller one-half (1/2) to Redlands as the proceeds of taxes ("Redlands Incremental Taxes") and one-half (1/2) to the Agency as tax increment revenues in the year of such annexation and in every year thereafter until the date of termination of the Plan, as provided in the Plan or any extension thereof (the "Termination Date"). This Agency Settlement Agreement is not intended to impair any agreements between the Agency and any other taxing entity with respect to tax increment revenues other than Redlands Incremental Taxes. This Agreement shall not be construed to affect the amount of property tax generated upon the Base Year assessed value that is transferred to Redlands upon annexation. The Agency shall not incur any indebtedness prior to annexation which would adversely affect the ability of Redlands to receive the Redlands Incremental Taxes. The Agency shall be entitled to retain the remaining percentages of ad valorem property taxes as further provided in the Plan, net of the remittances by the County Auditor-Controller of the Redlands Incremental Taxes. The tax increment revenues of the Agency generated within the annexed portions of the County Territories, including those described hereinabove and such other tax increment revenues described in this Section, on and after the effective date of any annexation of such portion thereof, and from time-to-time if by a series of annexations and until the Termination Date, shall be used and applied by the Agency subject to the following:

- (1) for public improvements initiated by the Agency or Redlands within or of benefit to all or any portion of the County Territories with the approval of the other party at the sole discretion of the other party;

(2) for redevelopment activities initiated by the Agency or Redlands within all or any portion of the County Territories with the approval of the other party at the sole discretion of the other party;

(3) upon an annexation of any portion of the County Territories, the tax increment revenues received by the Agency from such annexed property net of (i) County of San Bernardino collection and disbursement costs, (ii) fiscal impact payments pursuant to agreements of the Agency with affected taxing agencies, and (iii) deposits required by the Agency pursuant to Health and Safety Code Section 33334.2, et seq., into the Agency's Low- and Moderate-Income Housing Fund, shall be retained by the Agency in a separate interest bearing account solely for the use of paying the direct and indirect costs of public improvements and redevelopment activities and all financing costs related to such public improvements and redevelopment activities within or for the benefit of all or any portion of the County Territories as set forth in (1) and (2) above; provided, however, that deposits into the Agency's Low- and Moderate-Income Housing Fund from tax increment revenues attributable to the County Territories may be expended by the Agency anywhere as may be permitted by the Community Redevelopment Law;

(4) Any net tax increment revenues, plus interest earnings thereon, deposited in the separate interest bearing account to be established by the Agency pursuant to (3) above, shall remain therein until the Agency and Redlands jointly agree on the use thereof or a disbursement is necessitated as may otherwise be required by law;

(5) Prior to annexation of any parcel or parcels within the County Territories, such parcel or parcels which are then within the County unincorporated area and which generate tax increment revenues to the Agency, may have such tax increment revenues used and applied at the sole discretion of the Agency; provided, however, that the Agency shall not incur any indebtedness prior to annexation which would adversely affect the ability of Redlands to receive the Redlands Incremental Taxes. The provisions of this Section 5.2 shall only apply as to the annexed portions of the County Territories.

(6) After the Termination Date, the Agency will not be entitled to receive any ad valorem property tax revenues collected in the annexed portions of the County Territories and Redlands will receive for general fund purposes that same portion of the general property tax levy as it would have received in the absence of the Plan.

Section 5.3. Utility Service to County Territories. The parties acknowledge that Redlands currently has sewer and water lines and pipes in and around the County Territories and that Redlands provides sewer and water services to the County Territories. Nothing in this Agreement shall be deemed to affect any rights Redlands may have to continue or discontinue to provide such services, or to expand or reduce such services, or to provide any other utility services as it may desire to provide to the County Territories. If the Agency desires to have such utility services provided to the County Territories which services Redlands is not exercising its option to provide, after having been requested to do so by the Agency, the Agency shall have the right to seek to provide or to seek to cause to be provided such services from other providers. In such event, Redlands agrees that it will not take any action to oppose the provision of such services, except that nothing contained herein shall be deemed a waiver of Redlands' rights to exercise discretionary powers regarding the method of providing such services or otherwise be deemed a waiver of other powers of Redlands. Nothing contained herein shall be deemed to be an agreement to exercise such powers in any particular way. The Agency agrees that the provision of any such utility services to the County Territories by any entity other than Redlands shall not be deemed to negatively affect or impair any annexation application or proceeding undertaken by Redlands with respect to the County Territories.

6. ANNEXED TERRITORIES

Section 6.1. Exclusion From Project Area. The Agency agrees and hereby represents and warrants that the Project Area of the Agency does not presently include and has never included the Annexed Territories within the Project Area. The Agency further agrees that the Agency is not entitled to have any portion of the property taxes generated within the Annexed Territories allocated to the Agency as tax increment revenues. The Agency agrees to cooperate with Redlands as necessary to ensure that the County Auditor-Controller disburses property tax revenues in accordance with this Section. The Agency further agrees that in the event the exclusion of the Annexed Territories from the Project Area is ever the subject of a lawsuit, if necessary to resolve such lawsuit, it will formally clarify the Plan to reflect that the Annexed Properties were not included in the Project Area.

7. COOPERATION IN FEDERAL ISSUES

Section 7.1 Base Transfer. The parties agree that in order for the Airport Facility to be exclusively developed, operated and maintained by the Authority, upon or prior to the closure of the Base, title to the Airport Facility and operational

responsibility should be transferred to the Authority, subject to the terms set forth in the Authority Agreement. The parties shall take all reasonable steps consistent with applicable law which are necessary to achieve that purpose.

Section 7.2 Environmental Cleanup. The parties agree to use their best efforts and to cooperate in achieving their mutual goal of having the United States government take full responsibility for the remediation of surface contamination and disposal of hazardous and toxic wastes on the Airport Facility before any identifiable contamination sites within the Airport Facility are conveyed to the Authority.

Section 7.3 Cooperation in Goals of Agreement. The parties to this Agency Settlement Agreement agree to cooperate in the furtherance of the goals and objectives of this Agency Settlement Agreement.

8. RESOLUTION OF LEGAL ACTIONS

Section 8.1 Stipulated Judgment. Upon the execution by all parties of this Agency Settlement Agreement and of the Members' Settlement Agreement by the parties thereto and of the Authority Agreement by the parties thereto in the forms attached hereto, the parties hereto will execute and file a "Stipulation for Settlement and Entry of Judgment" in Case No. 255222 and Case No. 256889 as attached hereto as Exhibit "F" and incorporated herein as if set forth in full, seeking a "Judgment" in the form attached hereto as Exhibit "G" and incorporated herein as if set forth in full. Both Exhibit "F" and Exhibit "G" are with regard to judgment on the Complaint and judgment on the Cross-Complaint.

Section 8.2 Release by Redlands, Highland and the Association. Redlands, Highland and the Association hereby release and discharge the Agency, and its agents, representatives, attorneys, principals, predecessors, successors, assigns, and each of them, from any and all claims and causes of action contained in Case No. 255222 or Case No. 256889.

Section 8.3 Release by Agency. The Agency hereby releases and discharges Redlands, Highland and the Association and their agents, representatives, attorneys, principals, predecessors, successors, assigns, and each of them, from any and all claims and causes of action contained in Case No. 255222 or Case No. 256889.

Section 8.4 No Admissions. The parties agree that nothing contained in this Agency Settlement Agreement shall be construed as an admission against the interest of either party, and agree that this Agency Settlement Agreement releases the parties from any guarantees and warranties, of every nature, whether

expressed or implied, which may have been given by one party to another except as expressly set forth herein. The execution of this Agency Settlement Agreement effects a settlement of claims which are contested and denied. There are no admissions of liability.

Section 8.5 Prior Attorneys' Fees and Costs. All parties to this Agency Settlement Agreement shall each be responsible for their own attorneys fees, costs and expenses and all other costs and expenses incurred in connection with the actions filed by Redlands as Case No. 255222 and Case No. 256889, and the cross-actions filed by the Agency and its Members in Case No. 255222, and the settlement thereof.

9. REMEDIES

The remedies for breach or threatened breach of this Agency Settlement Agreement are as follows:

Section 9.1 All Legally Available Remedies. In the event any party breaches this Agency Settlement Agreement, or such a breach is threatened, any other party to this Agency Settlement Agreement together or separately or in any combination, shall each have the right to pursue any and all available remedies, at law or in equity, on a non-exclusive basis, including, without limitation, enjoining any such breach or threatened breach and seeking specific performance of this Agency Settlement Agreement.

Section 9.2 Jurisdiction. Any legal action regarding this Agency Settlement Agreement shall lie in the Superior Court of the State of California in the County of San Bernardino or, if applicable, in the United States District Court of the Central District of California, provided that any party shall have the right to petition the court for a change of venue as provided by California law. At their option, any party to this Agency Settlement Agreement may seek specific enforcement of a provision of this Agency Settlement Agreement before, contemporaneously with, or after giving the defaulting or adverse party notice of the violation of such provision.

Section 9.3 Attorneys' Fees. In the event a legal action is initiated under this Agency Settlement Agreement, the prevailing party shall be entitled to collect its reasonable attorneys' fees and costs.

10. GENERAL PROVISIONS

Section 10.1 Scope of Agreement; Successors in Interest. This Agency Settlement Agreement binds the parties individually, collectively, jointly and severally. This Agency Settlement Agreement shall be binding upon and shall inure to the benefit of the officers, agents, successors, assigns and transferees of the parties.

Section 10.2 Amendments and Assignments. This Agency Settlement Agreement may only be altered, amended or modified by an instrument in writing that is executed and approved by all of the parties. No party may transfer, assign or convey any right or obligation it has under this Agency Settlement Agreement without first obtaining the written approval of all of the other parties.

Section 10.3 California Law. This Agency Settlement Agreement is subject to and shall be construed in accordance with the laws of the State of California.

Section 10.4 Indemnification.

a. The Agency shall indemnify and hold Redlands, Highland and the Association harmless from, against and in respect of any loss, liability or damage suffered or incurred by Redlands, Highland or the Association in connection with or as a result of any action taken (or not taken) by the Agency pursuant to the terms of this Agency Settlement Agreement.

b. Redlands, Highland and the Association shall each indemnify and hold the Agency harmless from, against and in respect of any loss, liability or damage suffered or incurred by the Agency in connection with or as a result of any action taken (or not taken) by Redlands, Highland or the Association, respectively, pursuant to the terms of this Agency Settlement Agreement.

c. If any action or claim shall be brought or asserted with respect to which indemnity may be sought pursuant to this Agency Settlement Agreement, the indemnified party or parties shall promptly notify the indemnifying party or parties in writing and the indemnifying party or parties shall promptly assume the defense thereof.

Section 10.5 Waiver. The waiver by any of the parties of any breach of any term, covenant or condition of this Agency Settlement Agreement shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition of this Agency Settlement Agreement. Failure to act or subsequent acceptance of performance hereunder by any party shall not be deemed to be a waiver of any preceding breach of any term, covenant or condition of this Agency

Settlement Agreement, regardless of the party's knowledge of such preceding breach at the time of acceptance thereof, nor shall any failure on the part of any party to require or exact full and complete compliance with any of the covenants or conditions of this Agency Settlement Agreement be construed as changing in any manner the terms hereof or preventing the party from enforcing in full the provisions herein.

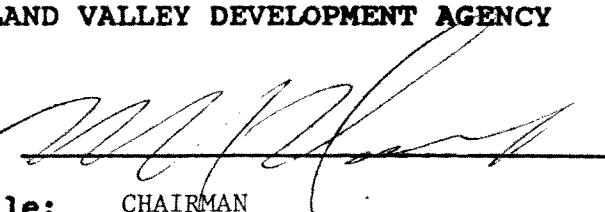
Section 10.6 Severability. If any part, term or provision of this Agency Settlement Agreement is decided by the courts to be illegal or in conflict with any law of the United States of America or the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 10.7 Execution in Counterparts. This Agency Settlement Agreement may be executed in counterparts and all counterparts so executed shall constitute but one agreement.

Section 10.8 Effective Date of Agreement. This Agency Settlement Agreement shall not be effective or binding on any party hereto until such time as the Authority has been formed in the form attached hereto as Exhibit "D" and the Members' Settlement Agreement has been executed in full. Formation of the Authority shall be deemed to have occurred at such time as the final public entity through its legislative body has approved the joint exercise of powers agreement to establish the Authority. As soon as practicable after the effective date of this Agency Settlement Agreement, counsel for Highland, counsel for Redlands and the Association shall file with the Superior Court of San Bernardino County, the fully executed "Stipulation For Settlement and Entry of Judgment" and a "Judgment", and counsel for the Agency shall similarly file the fully executed "Stipulation for Settlement and Entry of Judgment" and a "Judgment", which Judgments shall be as attached hereto in executed and final form as Exhibits "F" and "G".

Executed on the date first written above by the duly authorized representatives of the parties.

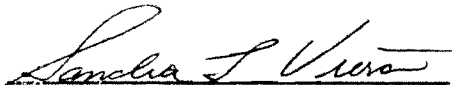
INLAND VALLEY DEVELOPMENT AGENCY

By: 

Title: CHAIRMAN

Dated: April 28, 1992

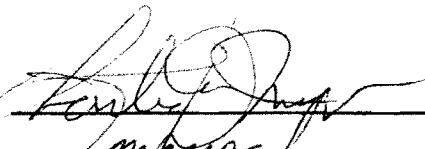
(SEAL)
ATTEST:


Secretary

Approved as to Form:


Agency Counsel

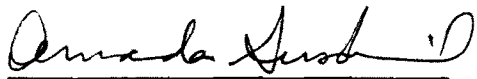
CITY OF REDLANDS, CALIFORNIA

By: 
Title: Mayor
Dated: April 21, 1992

(SEAL)
ATTEST:


City clerk

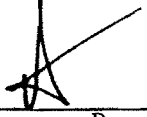
Approved as to Form:


Attorney for Redlands

EAST VALLEY ASSOCIATION

By: Walter Kopyzynski
Title: Vice Chair
Dated: April 21, 1992

CITY OF HIGHLAND, CALIFORNIA

By: 
Dennis Johnson
Title: Mayor
Dated: April 21, 1992

(SEAL)
ATTEST:


City Clerk

Approved as to Form:

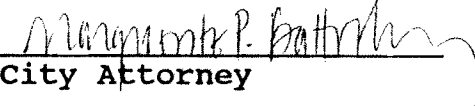

City Attorney

EXHIBIT "2"

MEMBERS' SETTLEMENT AGREEMENT

by and among

County of San Bernardino

City of San Bernardino

City of Loma Linda

City of Colton

City of Redlands

City of Highland

and

East Valley Association

TABLE OF CONTENTS

1.

INTERRELATIONSHIP OF AGREEMENTS

Section 1.1	Members' Settlement Agreement	2
Section 1.2	Agency Agreement	2
Section 1.3	Authority Agreement	2

2.

POWERS AND COOPERATION

Section 2.1	Authority Powers Exclusive	2
Section 2.2	Cooperation in Goals	3

3.

RESOLUTION OF LEGAL ACTIONS

Section 3.1	Stipulated Judgment	3
Section 3.2	Release by Redlands, Highland and the Association	3
Section 3.3	Release by Agency and Members	3
Section 3.4	No Admissions	3
Section 3.5	Prior Attorneys' Fees and Costs	4

4.

REMEDIES

Section 4.1	All Legally Available Remedies	4
Section 4.2	Jurisdiction	4
Section 4.3	Attorneys' Fees	4

5.

GENERAL PROVISIONS

Section 5.1	Scope of Agreement; Successors in Interest . . .	5
Section 5.2	Amendments and Assignments	5
Section 5.3	California Law	5
Section 5.4	Indemnification	5
Section 5.5	Waiver	5
Section 5.6	Severability	6
Section 5.7	Execution in Counterparts	6
Section 5.8	Effective Date of Agreement	6

EXHIBIT "A" -	AGENCY AGREEMENT
EXHIBIT "B" -	AUTHORITY AGREEMENT
EXHIBIT "C" -	STIPULATION FOR SETTLEMENT AND ENTRY OF JUDGMENT
EXHIBIT "D" -	JUDGMENT

MEMBERS' SETTLEMENT AGREEMENT

This Agreement is entered into this ____ day of _____ 1992, by and among the COUNTY OF SAN BERNARDINO ("County"), the CITY OF SAN BERNARDINO ("City"), the CITY OF LOMA LINDA ("Loma Linda"), the CITY OF COLTON ("Colton"), the CITY OF REDLANDS ("Redlands"), the CITY OF HIGHLAND ("Highland") and the EAST VALLEY ASSOCIATION (the "Association").

R E C I T A L S

WHEREAS, in January and February of 1990, the County of San Bernardino and the Cities of San Bernardino, Colton and Loma Linda (collectively, the "Members") entered into an agreement (the "Agency Agreement") to form the Inland Valley Development Agency (the "Agency"), a joint powers authority with certain powers of a redevelopment agency under the authority of Health and Safety Code Section 33320.5;

WHEREAS, in March of 1990, Redlands filed Case No. 255222 in the San Bernardino Superior Court, a complaint to invalidate the formation of the Agency;

WHEREAS, in April of 1990, the Agency filed a cross-complaint in Case No. 255222 seeking to validate the formation of the Agency;

WHEREAS, appearances were also made in Case No. 255222 by Redlands Unified School District, San Bernardino City Unified School District, San Bernardino County Superintendent of Schools, Colton Unified School District and San Bernardino Community College District (collectively, the "Schools"), Highland and the Association;

WHEREAS, in June of 1990, Redlands filed Case No. 256889 in the San Bernardino Superior Court, a petition for writ of mandate challenging the environmental analysis of the formation of the Agency; in August of 1990, Redlands amended the petition to challenge the environmental analysis of the Plan and to include a complaint to invalidate the Plan and the proceedings related thereto, a complaint for declaratory relief and a complaint for injunctive relief; and, in March of 1991, Redlands filed a Second Amended Complaint and Petition;

WHEREAS, appearances were also made in Case No. 256889 by the Association, the Schools and Highland;

WHEREAS, the Schools have resolved the disputes with the Agency and have filed stipulated judgments to that effect; and

WHEREAS, the parties desire to resolve the disputes between them that are embodied in Case No. 255222 and Case No. 256889 (both of which cases have been consolidated and transferred to Orange County Superior Court as Case No. 680255, but which will be referred to herein by their San Bernardino Superior Court case numbers) by the terms and conditions in this Settlement Agreement.

NOW, THEREFORE, the parties agree as follows:

1. INTERRELATIONSHIP OF AGREEMENTS

Section 1.1 Members' Settlement Agreement. This Settlement Agreement shall be referred to hereinafter as the "Members' Settlement Agreement."

Section 1.2 Agency Agreement. Contemporaneously with this Settlement Agreement, the Agency is entering into a Settlement Agreement by and among the Inland Valley Development Agency, the City of Redlands, City of Highland and East Valley Association (the "Agency Settlement Agreement"). The Agency Settlement Agreement shall be in the form attached hereto as Exhibit "A" and incorporated herein by reference. Neither the Agency Settlement Agreement nor the Members' Settlement Agreement shall be of any force or effect until the other Agreement has been executed in full and the requirement of Section 1.3 below has been satisfied.

Section 1.3 Authority Agreement. It is contemplated by the parties to this Members' Settlement Agreement that the parties hereto, with the exception of the Association, shall enter into that certain agreement entitled "Joint Exercise of Powers Agreement Creating an Agency to be Known as the San Bernardino Regional Airport Authority" (the "Authority Agreement"). The Authority Agreement shall be in the form attached hereto as Exhibit "B" and incorporated herein by reference. This Members' Settlement Agreement shall only become effective upon the successful formation of the Authority as set forth in the Authority Agreement, and upon compliance with Section 1.2 above.

2. POWERS AND COOPERATION

Section 2.1 Authority Powers Exclusive. The Authority's powers set forth in the Authority Agreement shall be exclusive. The Authority's inherent powers are restricted by the Authority Agreement and the Authority shall have no legal authority to act, except as set forth therein, and except as otherwise provided by law. The Members shall not own, develop, operate or maintain, or exercise any form of control with respect to, the Airport Facility (as defined in the Authority Agreement) except as

specifically provided in the Authority Agreement and under the circumstances set forth therein or otherwise as may be agreed to by the Authority. The Members shall take no steps, nor shall they cause steps to be taken, that would be contrary to the provisions of this Section, such as, but not limited to, seeking or causing to be sought the transfer of the Airport Facility to any entity other than the Authority, except for a transfer to the County of the operational control of all or a portion of the Airport Facility under the conditions described in Section 12(b) of the Authority Agreement, unless the Authority is terminated pursuant to the Authority Agreement.

Section 2.2 Cooperation in Goals. The parties to this Agreement agree to cooperate in the furtherance of the goals and objectives of the Agency Settlement Agreement and the Authority Agreement. In addition, the County agrees to abide by the provisions of Sections 5.2 and 6.1 of the Agency Settlement Agreement.

3. RESOLUTION OF LEGAL ACTIONS

Section 3.1 Stipulated Judgment. Upon the execution by all parties of this Members' Settlement Agreement, and the Agency Agreement and the Authority Agreement in the forms attached hereto, the parties will execute and file a "Stipulation for Settlement and Entry of Judgment" in Case No. 255222 and Case No. 256889 as attached hereto as Exhibit "C" and incorporated herein as if set forth in full, seeking a "Judgment" in the form attached hereto as Exhibit "D" and incorporated herein as if set forth in full. Both Exhibit "C" and Exhibit "D" are with regard to judgment on the Complaint and judgment on the Cross-Complaint.

Section 3.2 Release by Redlands, Highland and the Association. Redlands, Highland and the Association hereby release and discharge the Members and their agents, representatives, attorneys, principals, predecessors, successors, assigns, and each of them, from any and all claims and causes of action contained in Case No. 255222 or Case No. 256889.

Section 3.3 Release by the Members. The Members hereby release and discharge Redlands, Highland and the Association and their agents, representatives, attorneys, principals, predecessors, successors, assigns, and each of them, from any and all claims and causes of action contained in Case No. 255222 or Case No. 256889.

Section 3.4 No Admissions. The parties agree that nothing contained in this Members' Settlement Agreement shall be construed as an admission against the interest of either party, and agree that this Members' Settlement Agreement releases the parties

from any guarantees and warranties, of every nature, whether expressed or implied, which may have been given by one party to another except as expressly set forth herein. The execution of this Members' Settlement Agreement effects a settlement of claims which are contested and denied. There are no admissions of liability.

Section 3.5 Prior Attorneys' Fees and Costs. All parties to this Members' Settlement Agreement shall each be responsible for their own attorneys fees, costs and expenses and all other costs and expenses incurred in connection with the actions filed by Redlands as Case No. 255222 and Case No. 256889, and the cross-actions filed by the Agency and its Members in Case No. 255222, and the settlement thereof.

4. REMEDIES

The remedies for breach or threatened breach of this Members' Settlement Agreement are as follows:

Section 4.1 All Legally Available Remedies. In the event any party breaches this Members' Settlement Agreement, or such a breach is threatened, any other party to this Members' Settlement Agreement together or separately or in any combination, shall each have the right to pursue any and all available remedies, at law or in equity, on a non-exclusive basis, including, without limitation, enjoining any such breach or threatened breach and seeking specific performance of this Members' Settlement Agreement.

Section 4.2 Jurisdiction. Any legal action regarding this Members' Settlement Agreement shall lie in the Superior Court of the State of California in the County of San Bernardino or, if applicable, in the United States District Court of the Central District of California, provided that any party shall have the right to petition the court for a change of venue as provided by California law. At their option, any party to this Members' Settlement Agreement may seek specific enforcement of a provision of this Members' Settlement Agreement before, contemporaneously with, or after giving the defaulting or adverse party notice of the violation of such provision.

Section 4.3 Attorneys' Fees. In the event a legal action is initiated under this Members' Settlement Agreement, the prevailing party shall be entitled to collect its reasonable attorneys' fees and costs.

5. GENERAL PROVISIONS

Section 5.1 Scope of Agreement; Successors in Interest. This Members' Settlement Agreement binds the parties individually, collectively, jointly and severally. This Members' Settlement Agreement shall be binding upon and shall inure to the benefit of the officers, agents, successors, assigns and transferees of the parties.

Section 5.2 Amendments and Assignments. This Members' Settlement Agreement may only be altered, amended or modified by an instrument in writing that is executed and approved by all of the parties. No party may transfer, assign or convey any right or obligation it has under this Members' Settlement Agreement without first obtaining the written approval of all of the other parties.

Section 5.3 California Law. This Members' Settlement Agreement is subject to and shall be construed in accordance with the laws of the State of California.

Section 5.4 Indemnification.

a. The Members shall indemnify and hold Redlands, Highland and the Association harmless from, against and in respect of any loss, liability or damage suffered or incurred by Redlands, Highland or the Association in connection with or as a result of any action taken (or not taken) by the Members pursuant to the terms of this Members' Settlement Agreement.

b. Redlands, Highland and the Association shall each indemnify and hold the Members harmless from, against and in respect of any loss, liability or damage suffered or incurred by the Members in connection with or as a result of any action taken (or not taken) by Redlands, Highland or the Association, respectively, pursuant to the terms of this Members' Settlement Agreement.

c. If any action or claim shall be brought or asserted with respect to which indemnity may be sought pursuant to this Members' Settlement Agreement, the indemnified party or parties shall promptly notify the indemnifying party or parties in writing and the indemnifying party or parties shall promptly assume the defense thereof.

Section 5.5 Waiver. The waiver by any of the parties of any breach of any term, covenant or condition of this Members' Settlement Agreement shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition of this Members' Settlement Agreement. Failure to act or subsequent acceptance of performance hereunder by any party shall not be deemed to be a waiver of any

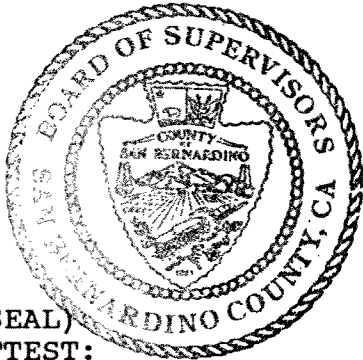
preceding breach of any term, covenant or condition of this Members' Settlement Agreement, regardless of the party's knowledge of such preceding breach at the time of acceptance thereof, nor shall any failure on the part of any party to require or exact full and complete compliance with any of the covenants or conditions of this Members' Settlement Agreement be construed as changing in any manner the terms hereof or preventing the party from enforcing in full the provisions herein.

Section 5.6 Severability. If any part, term or provision of this Members' Settlement Agreement is decided by the courts to be illegal or in conflict with any law of the United States of America or the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 5.7 Execution in Counterparts. This Members' Settlement Agreement may be executed in counterparts and all counterparts so executed shall constitute but one agreement.

Section 5.8 Effective Date of Agreement. This Members' Settlement Agreement shall not be effective or binding on any party hereto until such time as the Agency Settlement Agreement has been fully executed and the Authority has been formed in the form attached hereto as Exhibit "B". Formation of the Authority shall be deemed to have occurred at such time as the final public entity through its legislative body has approved the joint exercise of powers agreement to establish the Authority. As soon as practicable after the effective date of this Members' Settlement Agreement, counsel for Highland, counsel for Redlands and the Association shall file with the Superior Court of San Bernardino County, the fully executed "Stipulation For Settlement and Entry of Judgment" and a "Judgment", and counsel for the Agency shall similarly file the fully executed "Stipulation for Settlement and Entry of Judgment" and a "Judgment", which Judgments shall be as attached hereto in executed and final form as Exhibits "C" and "D".

Executed on the date first written above by the duly authorized representatives of the parties.



(SEAL)

ATTEST:

EARLENE SPROAT, Clerk of the Board
of Supervisors

By Mary Louisa Levasio
Deputy, Clerk of the Board of
Supervisors

Approved as to Form:

COUNTY OF SAN BERNARDINO

By: Larry Walker

LARRY WALKER

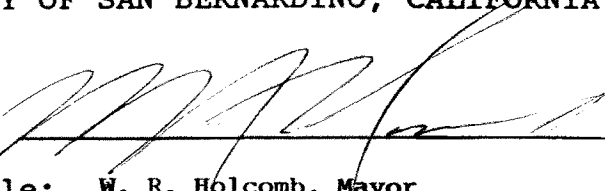
Title: Chairman, Board of Supervisors

Dated: MAY 11 1992

92-326

Ray S. Dandrea
for County Counsel

CITY OF SAN BERNARDINO, CALIFORNIA

By: 

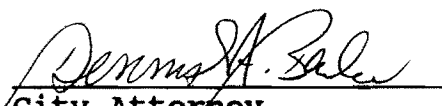
Title: W. R. Holcomb, Mayor

Dated: 5/6/92

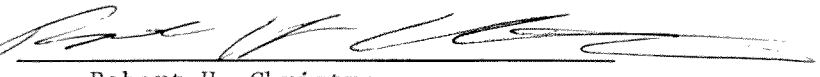
(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

CITY OF LOMA LINDA, CALIFORNIA

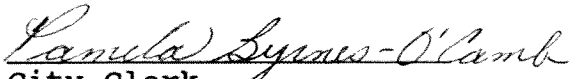
By: 

Robert H. Christman

Title: Mayor

Dated: May 12, 1992

(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

CITY OF COLTON, CALIFORNIA

By: 
Title: MAYOR
Dated: May 5, 1992

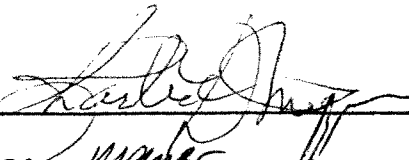
(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

CITY OF REDLANDS, CALIFORNIA

By: 

Title: Mayor

Dated: April 21, 1992

(SEAL)
ATTEST:


City Clerk

Approved as to Form:


Attorney for Redlands

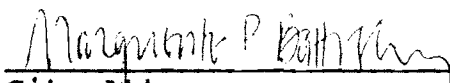
CITY OF HIGHLAND, CALIFORNIA

By: 
Dennis Johnson
Title: Mayor
Dated: April 21, 1992

(SEAL)
ATTEST:


city clerk

Approved as to Form:


city Attorney

EAST VALLEY ASSOCIATION

By: Helen Kopeckowski
Title: Vice Chair
Dated: April 21, 1992

JOINT EXERCISE OF POWERS AGREEMENT
CREATING AN AGENCY TO BE KNOWN AS THE
SAN BERNARDINO REGIONAL AIRPORT AUTHORITY

This Agreement, dated for convenience as of _____, 1992, is made by and among the County of San Bernardino, City of Colton, City of Highland, City of Loma Linda, City of Redlands and City of San Bernardino (hereinafter sometimes collectively referred to as the "Parties").

W I T N E S S E T H

WHEREAS, Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California pertaining to the joint exercise of powers authorizes the Parties by agreement to jointly exercise certain powers common to the Parties; and

WHEREAS, the Parties hereto recognize the importance of determining the value of the potential civilian aviation use of Norton Air Force Base and its resulting possible benefit to the entire East Valley region, all as may be determined by land use, aviation and environmental studies required to be undertaken by the Authority pursuant to the California Environmental Quality Act of 1970, as amended ("CEQA"); and

WHEREAS, each of said Parties agrees that a regional approach is desirable to both (i) direct the policies and activities of a civilian aviation facility at Norton Air Force Base and (ii) acquire, own, maintain and operate the aviation related portions of Norton Air Force Base for all aviation uses as may be legally permitted upon such property, or such other uses as may be legally permitted and as may be determined by the Authority all in accordance with CEQA procedures to be hereafter complied with by the Authority; and

WHEREAS, each of the Parties hereto has the power to acquire, operate, repair, maintain and administer an airport facility; and

WHEREAS, it has been agreed by each of the Parties that the interests thereof, as well as of the public in general, may be served if those portions of Norton Air Force Base to be transferred by the federal government upon closure, namely the airfield and aviation support areas of Norton Air Force Base (herein sometimes referred to as the "Airport Facility," as is presently described in the Base Reuse Plan of the Inland Valley Development Agency and as further depicted on the map of Norton Air Force Base as attached hereto as Exhibit "A" and incorporated herein by reference, subject to expansion or reduction by determination of the federal government upon transfer thereof), is continued as a publicly-

owned, operated and maintained airport, pursuant to the applicable federal and State of California laws, under the operational control of a joint powers authority created by the Parties in this Agreement; and

WHEREAS, it is the intent and desire of the Parties to enter into an agreement to establish a public entity, separate and apart from the Parties hereto, as hereinafter described and set forth, which entity shall then set about the task of accomplishing the above described general purpose in a manner most capable of promoting the greatest public good and welfare; and

WHEREAS, the Parties hereto recognize the immediate necessity for planning for the scheduled closure of Norton Air Force Base and the need to determine the manner in which to utilize the aviation facilities of the Norton Air Force Base, as depicted on Exhibit "A", after closure to attract business, create jobs and improve the quality of life for the citizens of the East Valley; and

WHEREAS, the Inland Valley Development Agency was previously formed by several of the Parties pursuant to Health and Safety Code Section 33320.5, to have and exclusively exercise powers of a redevelopment agency within a previously designated redevelopment project area in furtherance of the redevelopment thereof, and the Inland Valley Development Agency shall act as the redevelopment agency, legislative body and planning commission with respect to all approvals and actions required in connection with the adoption of the Redevelopment Plan; provided, however, all land use, planning and development decisions with regard to the land within the redevelopment project area shall continue to be under the control and jurisdiction of each of the respective local legislative bodies or planning commissions, as applicable; and

WHEREAS, the State Legislature enacted Health and Safety Code Section 33320.5 to assist communities within the County of San Bernardino in their attempt to preserve the military facilities and installations for their continued use as airports and aviation related purposes.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER CONTAINED, THE PARTIES AND EACH OF THEM, DO AGREE HEREBY AS FOLLOWS:

Section 1. Purpose.

This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California (herein sometimes referred to as the "Act") relating to the joint

exercise of powers common to public agencies (in this case the Parties to this Agreement, each of which is authorized to contract with the other pursuant hereto) and is made for the purpose of enabling the Parties to exercise their powers jointly in a certain "Project", described as the acquisition, operation, repair, maintenance and administration of the aviation related portions of the Norton Air Force Base as a public airport, as depicted on Exhibit "A", pursuant to applicable federal and State of California laws. Each of the Parties has the powers necessary to accomplish this Agreement. The foregoing purposes will be accomplished and the common powers exercised in the manner hereafter set forth.

Section 2. Authority.

A. Creation of the Authority.

Pursuant to the Act, there is hereby created a public entity, separate and apart from the Parties hereto, to be known as the "San Bernardino Regional Airport Authority" (hereinafter referred to as the "Authority"). The debts, liabilities and obligations of the Authority do not constitute debts, liabilities or obligations of the Parties.

B. Commission of the Authority.

(1) The Authority shall be governed by a Commission composed of seven (7) individual members, each serving in their individual capacity as a Member of the Commission. The Commission shall be called the "San Bernardino Regional Airport Authority Commission" (hereinafter sometimes referred to as the "Commission").

(2) The Commission shall consist of two (2) elected officials from the City of San Bernardino and one (1) elected official from each of the County of San Bernardino and the Cities of Colton, Highland, Loma Linda and Redlands. The elected officials thus serving on the Commission shall be called "Members". Each such Member shall be appointed by the legislative body of each Party to serve as primary representatives and shall serve at the pleasure of each such legislative body. Each Party shall similarly designate one (1) additional elected official of the Party to serve as an alternate representative for each Member allocated to each Party as a primary representative for the purpose of attending Commission meetings and to fully participate in such meetings and to cast votes in place of a primary representative for such Party. The term "Member" or "Members" shall specifically include both primary representatives and alternate representatives appointed in the manner provided in this Section 2.B.; provided that alternative representatives shall not participate in meetings as a Member or cast votes on any

Authority matter except if a primary representative of a Member is not present or is not otherwise considered as constituting a quorum.

(3) Members shall hold membership on the Commission during the term for which they were appointed by their respective legislative body and until their successors have been appointed and qualified; provided, however, that Members may be removed by and at the pleasure of the Party which appointed them; and provided, however, further that each Member shall automatically forfeit his or her membership on the Commission if he or she ceases to be an elected official of the Party responsible through the legislative body thereof for appointing such Member.

(4) In case of a vacancy in membership on the Commission, the same shall be promptly filled by the Party which appointed the vacating member. The appointing Party shall, upon making an appointment, forthwith notify the Secretary of the Commission of such appointment or appointments.

C. Meetings of the Commission.

(1) Regular Meetings and Special Meetings.

The Commission shall provide for its regular meetings. The dates upon which and the hour and place at which regular meetings shall be held shall be fixed by resolution and a copy of such resolution shall be filed with each of the Parties; provided, however, the Commission shall hold at least one (1) regular meeting in each Fiscal Year. Special meetings and adjourned meetings may be held as required or permitted by law. Meetings shall be held at such times and places as any of the Parties hereto may reasonably request depending upon the nature of the business to be conducted.

(2) Ralph M. Brown Act.

All meetings of the Commission, including, without limitation, regular, special and adjourned meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

(3) Minutes.

The Secretary of the Commission shall cause minutes of all regular, special and adjourned meetings to be prepared and maintained, and shall, as soon as possible after each meeting,

cause a copy of the minutes to be forwarded to each member of the Commission and to each of the Parties.

(4) Quorum.

Except under the circumstances provided in Section 11 hereof, a quorum shall be deemed to be constituted at a Commission meeting for conducting business of the Commission when four (4) Members are present who under California law are legally able to participate in such meeting and who represent at least four (4) Parties. No individual other than a duly appointed Member who has been appointed as either a primary representative or an alternate representative may sit on the Commission and be considered for purposes of determining a quorum, for participating in such meetings and for the casting of votes. A Member must be present at a meeting to have the power under this Agreement to cast a vote and to be considered as present for purposes of determining whether the requirement for a quorum has been met.

(5) Voting.

Except as otherwise provided by law, any action taken by the Commission shall require the affirmative vote of four (4) Members present and voting except as provided in Section 11 hereof. No Member, whether a duly appointed primary representative or alternate representative, shall vote unless present upon the casting of votes on any matter. In the event such Member is not present at the time that votes are cast on a matter, such Member shall be considered as not having voted on such matter.

D. Officers.

(1) President, Vice-President and Secretary.

At the first meeting of the Commission after the effective date of this Agreement, the Commission shall elect from the Members a President, a Vice-President and Secretary, and, thereafter at the first meeting held in July of each succeeding calendar year commencing in July, 1993, and annually thereafter, the Commission shall elect or re-elect its President, a Vice-President and Secretary. In the event that the President, Vice-President or Secretary so elected resigns from such office or ceases to be a Member of the Commission, the resulting vacancy shall be filled at the next regular meeting of the Commission held after such vacancy occurs. In the absence or inability of the President to act, the Vice-President shall act as President. The President, or in his or her absence the Vice-President, shall preside at and conduct all meetings of the Commission. The Secretary shall be responsible for the minutes and other records of the Authority and Commission and shall perform such other duties specified by the Commission. The Commission may select an

Assistant Secretary to assist the Secretary in the performance of his or her duties, to certify copies of official documents of the Authority and to perform such other duties specified by the Commission.

(2) Treasurer.

The Authority shall appoint a Treasurer who shall be: (1) the treasurer or chief financial officer of one of the Parties; (2) a certified public accountant; or (3) such other officer or employee of the Authority as the Commission shall deem qualified to act as Treasurer of the Authority. The Treasurer shall perform such duties as are set forth in this Agreement and any other duties specified by the Commission; provided, however, that the person so appointed as Treasurer shall not concurrently be appointed and acting as Auditor.

(3) Auditor.

The Authority shall appoint an Auditor who shall be: (1) the treasurer, or chief financial officer of one of the Parties; (2) a certified public accountant; or (3) such other consultant, officer or employee of the Authority as the Commission shall deem qualified to act as Auditor of the Authority. The Auditor shall perform such duties as are set forth in this Agreement and any other duties specified by the Commission; provided, however, that the person so appointed as Auditor shall not concurrently be appointed and acting as Treasurer.

(4) Staff.

The Commission may employ, by contract or otherwise, an Airport Manager and such staff as may be necessary. Except as listed below in this paragraph, the Airport Manager shall appoint and remove all management level officers, subject to the approval of the Commission. Professional and expert services, including, without limitation, legal counsel, financing consultants, accountants, engineers, architects and other consultants and advisors, may be contracted for by the Authority.

(5) Rules and By-Laws.

The Commission may adopt, from time to time, such rules and regulations and by-laws for the election of officers, appointment of other officials and staff and the conduct of its meetings and affairs as it may deem necessary provided that all such rules and regulations are consistent with the provisions of this Agreement.

Section 3. Powers and Duties of the Authority.

The Authority shall have the powers common to the Parties to be exercised to acquire, operate, repair, maintain, improve and administer the Airport Facility, and in addition thereto, has all other powers enumerated in the Joint Exercise of Powers Act, Chapter 5, Division 7, Title 2 of the Government Code of the State of California (commencing with Section 6500) as the same now exists or may hereinafter be amended (herein sometimes referred to as the "Act"). The Authority is authorized to do all acts necessary or convenient to the exercise of the aforementioned powers, including, but not limited to, the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain or operate any buildings, works or improvements; to acquire, hold or dispose of property; to incur debts, liabilities or obligations (both long-term and short-term) pursuant to the exercise of these powers, which are not debts, liabilities or obligations of the Parties; and to sue and be sued in its own name. Said powers shall be exercised in the manner provided in the Act and, except as expressly set forth herein, subject only to such restrictions upon the manner of exercising such powers as are imposed upon the County of San Bernardino in the exercise of similar powers. The Authority may also issue revenue bonds pursuant to Article 2, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6540 as the same now exists or may hereafter be amended (hereinafter referred to as the "Bond Act"), and any applicable laws of the State of California, whether heretofore or hereafter enacted or amended, and, without limiting the generality of the foregoing, the Authority is also authorized to incur other forms of indebtedness pursuant to Section 6547.1 of the Government Code, which is part of the Bond Act, and any other applicable laws of the State of California; provided, however, that such revenue bonds or other forms of indebtedness shall not constitute debts, liabilities or obligations of the Parties.

The Authority shall, in its sole discretion, establish, maintain and enforce standards, as they may be amended from time-to-time, for the operation and maintenance of the Airport (the "Airport Standards"), as the proprietor of the Airport. It is the present intent of the Parties subject to further reports, studies and consideration of other facts and circumstances as may be conducted by or on behalf of the Authority, that such Airport Standards should address standards for the hours of operation and methods for regulating noise levels all as may be necessary to minimize noise impacts, consistent with the operation of the Airport Facility in an economically viable manner and in conformity with the rules and regulations of the Federal Aviation Administration. The Airport Standards should be adopted and in effect prior to conveyance of the Airport Facility and prior to the transfer of the operational control thereof to the Authority;

provided, however, that the Airport Standards shall be established, in place and effective at such time or times and addressing such matters as may then be deemed appropriate by the Commission. Notwithstanding any language to the contrary contained in this Agreement, the Airport Standards shall be adopted so as to be consistent with all applicable federal and state laws, rules, regulations, interpretative opinions and other requirements of applicable governmental and regulatory bodies, and shall not in-and-of-themselves act to prevent conveyance of the Airport Facility or transfer of the operational control thereof to the Authority.

Without limiting the generality of the foregoing, it is intended that the Authority will proceed to do all acts necessary or desirable to accomplish the purposes of this Agreement. Such acts may, but need not necessarily (except to the extent required or prohibited by state or federal law) include all or part of the following which may be exercised in whole or in part at the sole discretion of the Commission:

(a) Negotiating a price and method of acquiring the Airport Facility and such other property on or outside of Norton Air Force Base as may be required for aviation purposes and in furtherance of the operation of the Airport Facility, and authorizing the execution, and executing any and all documents necessary or desirable to accept the operational control of and transfer of the Airport Facility;

(b) Consistent with the requirements of state and federal laws, conducting any environmental impact studies and proceedings as are required by CEQA, the State of California and/or the federal government, making such improvements or taking such actions as such studies and proceedings may indicate in the determination of the Commission will mitigate the adverse effects reflected in such studies, including but not limited to those mitigation measures referenced in that certain Settlement Agreement dated _____ by and among the Parties, the Inland Valley Development Agency and the East Valley Association;

(c) Granting of franchises, permits and licenses to, and entering into leases and contracts with, any person, firm or corporation, or agency of the State of California and/or the federal government, for the use of the Airport Facility or any part thereof, for the promotion and accommodation of air commerce and air navigation, or any use incidental thereto, together with a right or rights to use said Airport Facility in common with others as necessary to the right or rights granted; and likewise to enter into leases with any person, firm or corporation for purposes other than the promotion and accommodation of air commerce and air navigation covering any portion of the Airport Facility whenever the Commission shall

determine that the use of such portions of the Airport Facility are not necessary for the promotion and accommodation of air commerce and air navigation or for uses incidental thereto;

(d) Subject to the powers of the United States of America respecting commerce, establishing rules and regulations governing the use and control of the Airport Facility, or any of its properties, and the use of airways approximate thereto incidental to aerial navigation as shall be set forth in the Airport Standards;

(e) Applying for and receiving any available State of California and/or federal grants, and in connection therewith, authorizing the execution of applications therefor, and grant agreements in connection therewith;

(f) Issuing revenue bonds or other obligations and incurring other forms of indebtedness as provided in this Agreement, which are not debts, liabilities or obligations of the Parties although the Authority has no power of taxation;

(g) Conducting the necessary studies to determine what repairs, if any, need be made to the Airport Facility, and making such repairs in any manner authorized by law;

(h) Conducting any necessary noise studies, and making such improvements or taking such actions as such studies may indicate in the determination of the Commission will mitigate the adverse effects of noise;

(i) Continuing to operate, repair, maintain, improve and administer the Airport Facility after its acquisition;

(j) Acquiring, constructing, managing, maintaining, operating or disposing of or donating land, building sites, buildings, works or improvements, whether to or from public or private persons or entities and whether on the Airport Facility or outside Norton Air Force Base if for aviation purposes and in furtherance of the operation of the Airport Facility, provided, however, that the Authority shall not exercise the powers of eminent domain to acquire property in the territorial jurisdiction of one of the Parties without first obtaining the consent of that Party by a four-fifths (4/5) vote of the Party's legislative body, except in the case of an exercise of eminent domain required as a result of an operational or safety mandate by the Federal Aviation Administration;

(k) Suing or being sued in its own name;

(l) Entering into and performing under lawful agreements with any of the Parties, the State of California, the United States of America, or any departments or agencies of any of the foregoing, or any other municipal or public corporation of any kind or nature whatever;

(m) Making payment from surplus revenues to any of the Parties, or to public agencies whose boundaries (including in the case of a redevelopment agency and the Inland Valley Development Agency, redevelopment project area boundaries) encompass an area which overlaps the area included in the Airport Facility. The term "surplus revenues" as above referred to shall have whatever meaning is provided therefor in any resolution or trust indenture adopted by the Commission on behalf of the Authority, and the payments authorized by the preceding sentence shall be made only to the extent that such payments are not prohibited by any such resolution or trust indenture then in effect;

(n) Carrying out and enforcing all the provisions of this Agreement; and

(o) Carrying out and enforcing all Airport Standards as deemed appropriate by the Commission.

The listing of the above acts is not intended to indicate any priority of one act over another. Nor is such listing intended to be inclusive, and the Commission may authorize other acts to be done in the accomplishment of the purposes of this Agreement. One or several acts may take place concurrently or in sequence as the Commission shall direct.

Title to the Airport Facility shall be acquired by the Authority directly from the United States Air Force in the event the Authority determines that such method of transfer would facilitate acquisition of the Airport Facility. The Parties hereby agree that the Airport Facility and the real property on which it is located are within the boundaries of the Authority.

As of the time of the execution of this Agreement it is not known whether the acquisition, operation, repair, maintenance and administration of the Airport Facility by the Authority is feasible; however, some acts of the Authority will be accomplished in whole or in part prior to the Authority making any decision to acquire the Airport Facility and to assume the operational responsibility thereof. Financial negotiations, feasibility, economic and legal studies and other related studies must all be undertaken by or on behalf of the Authority so that it can determine whether to proceed or not. Nothing in this Agreement should be construed to commit the Authority at this time to any particular course of action of acquisition or non-acquisition of

the Airport Facility and assumption of operational responsibility thereof, other than the investigation by the Authority.

Section 4. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the period from July 1 of each year to and including the following June 30.

Section 5. Assistance to the Authority.

The Parties may, except as prohibited by law and this Agreement, in appropriate circumstances: (i) make contributions from their treasuries for the purposes set forth herein, (ii) make payments of public funds to defray the cost of such purposes, (iii) make advances of public funds for such purposes, such advances or payments to be repaid, as provided herein, or (iv) use their personnel, equipment or property in lieu of or in conjunction with other contributions or advances. Such sums shall be paid to and disbursed by the Authority, and the method and manner of such payment, disbursement and repayment shall be as set forth in separate agreements by and between the Authority and a Party and approved by official action of the Commission on behalf of the Authority and by the respective legislative body on behalf of such Party. The provisions of Government Code Section 6513 are hereby incorporated into this Agreement.

Section 6. Revenue Bonds.

In order to pay for acquiring, repairing, improving and financing the Project referred to in Section 1 hereof, including all facilities and improvements and any and all expenses incidental thereto or connected therewith, the Authority may authorize the issuance of revenue bonds pursuant to the provisions of the Bond Act, any applicable laws of the State of California, and, without limiting the generality of the foregoing, the Authority is also authorized to incur other forms of indebtedness pursuant to Section 6547.1 of the Government Code, which Section is part of the Bond Act. Such revenue bonds or other forms of indebtedness shall not constitute debts, liabilities or obligations of the Parties.

All fees and expenses of professional and expert services, including, without limitation, legal counsel, financing consultants, accountants, engineers, architects and other consultants and advisors connected with the acquisition, operation, repair, maintenance, improvement and administration of the Airport Facility, which have been paid or incurred prior to the issuance of the revenue bonds or other forms of indebtedness (but after the effective date of this Agreement) shall be paid, or repaid to the Parties, as the case may be, without any preference being granted to any Party or Parties, at the earliest feasible time, to the

extent such payment or repayment is both lawful and deemed to be financially prudent in the sole discretion of the Commission, from the proceeds of the revenue bonds, or other forms of indebtedness, or any other legally available source.

Section 7. Official Bonds.

The Treasurer and the Auditor as the public officers designated in this Agreement who have charge of, handle or have access to any monies of the Authority are hereby also designated as responsible for all other property of the Authority. The Treasurer and Auditor shall each file an official bond with the Authority in the amount of not less than Two Hundred Fifty Thousand Dollars (\$250,000). Each member of the Commission shall file with the Authority an official bond in the amount of not less than Ten Thousand Dollars (\$10,000). The Commission may in its discretion increase the official bond requirements set forth in this section. All bond premiums shall be paid by the Authority.

Section 8. Accounts and Reports.

There shall be strict accountability of all funds and reporting of all receipts and disbursements. To the extent not covered by the duties assigned to any trustee appointed pursuant to a resolution or trust indenture adopted by the Commission pursuant to applicable law for the issuance of revenue bonds or other forms of indebtedness, the Commission shall establish and maintain such procedures, funds and accounts as may be required by sound accounting practices or by the provisions of any resolution of the Authority authorizing the issuance of revenue bonds or other forms of indebtedness; provided that such procedure shall conform as nearly as possible to typical and customary procedures for the County of San Bernardino. The books and records of the Authority in the hands of the trustee or the Authority shall be available for inspection at all reasonable times by authorized representatives of the Parties. The Auditor, with the approval of the Authority, shall contract with an independent certified public accountant or firm of certified public accountants to make an annual audit of the accounts and records of the Authority, and a complete written report of such audit shall be filed as public records annually, within six (6) months after the conclusion of the Fiscal Year under examination, with each of the Parties and with the Auditor-Controller of San Bernardino County. Such annual audit and written report shall comply with the requirements of Section 6505 of the Government Code of the State of California. The costs of the annual audit, including contracts with, or employment of, such independent certified public accountant or firm of certified public accountants, in making an audit pursuant to this Agreement shall be a charge against any unencumbered funds of the Authority available for such purpose.

Section 9. Funds.

The Treasurer of the Authority shall have custody of Authority money and disburse Authority funds pursuant to the accounting procedures developed in accordance with the provisions of Section 8; provided that the provisions of any resolution of the Authority authorizing the issuance of revenue bonds or other forms of indebtedness shall control regarding the custody and disbursement of the proceeds of any revenue bonds or other forms of indebtedness issued pursuant thereto or any revenues pledged to the payment of such bonds or other forms of indebtedness.

Additionally, and to the extent not covered by the duties assigned to any trustee, the Treasurer of the Authority shall assume the duties described in California Government Code Section 6505.5, as follows:

(a) Receive and receipt for all money of the Authority and place it in the treasury of the Treasurer of the Authority;

(b) Be responsible upon his official bond for safekeeping and disbursement of all Authority money so held;

(c) Pay, when due, from money of the Authority so held, all sums payable on outstanding bonds, or other forms of indebtedness, of the Authority;

(d) Pay any other sums due from the Authority, from Authority money, or any portion thereof, only upon warrants of the Auditor of the Authority;

(e) Verify and report in writing to the Authority and to each of the Parties on a monthly basis the amount of money then held for the Authority, the amount of receipts since the prior monthly report and the amount paid out since the prior monthly report.

Subject to applicable provisions of any trust indenture or financing agreement, which may provide for a trustee to receive, have custody of and disburse the Authority funds, the Treasurer of the Authority shall have the custody of and disburse Authority funds pursuant to the accounting procedures developed in accordance with the provisions of Section 8 hereof.

The Auditor of the Authority shall draw warrants to pay demands against the Authority when the demands have been approved by the Airport Manager of the Authority or any other person authorized to so approve in accordance with the accounting provisions developed in accordance with the provisions of Section 8 hereof.

The Authority may invest any money in the treasury that is not required for immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies pursuant to Section 53601 of the Government Code.

Section 10. Non-Assignability of Participating Interests.

The rights, titles and interests of any Party herein shall not be assignable or transferable unless such assignment or transfer is required by law and is not within the control of the Party making the assignment or transfer.

Section 11. Budgets; Party Loans.

All Parties shall loan to the Authority any and all of the necessary annual budgeted expenditures of the Authority. The principal amount of such Party loans shall bear interest at a rate agreed upon by and among the Parties and the Authority for each Fiscal Year which rate of interest shall be applied to all principal amounts loaned in such Fiscal Year until repaid in full and shall be repaid proportionately to each Party from legally available surplus revenues as shall be determined from time-to-time by the Commission. Each Party shall be responsible for its respective percentage of all annual expenses of the Authority in an amount equal to the percentage produced when dividing (i) the number of Members allocated to a Party under this Agreement, by (ii) the total number of Members then in the membership under this Agreement. All such loan funds shall be advanced by each Party on a monthly basis not later than the first business day of each calendar month. Any Party that is then in arrears by three (3) monthly loan advances, shall have the rights of its Member or Members to vote and participate in Commission meetings suspended until such time as all arrearages are then made current by such Party in whole, plus interest thereon, and the Authority shall not accept any partial payments of said amounts. During any period of time that a Party has not advanced its proportionate share of the annual expenses on a monthly basis, the other Parties shall each increase their percentage monthly advances commencing as of the month in which a default occurs by such Party by an amount equal to the dollar amount attributable to the defaulting Party's previously calculated percentage in the manner as provided above multiplied by the percentage produced when dividing (i) the number of Members allocated to a Party under this Agreement, by (ii) the total number of non-defaulting Members then in the membership under this Agreement. Each monthly payment not timely paid by a Party and received by the Authority by the date set forth above shall bear interest at a rate equal to one percent (1%) per calendar month (or such other maximum interest rate as may be permitted by applicable California law), or any portion thereof, accruing from the date

that the payment should have been made by such Party until the date that said Party remits the total balance of monthly payments then in arrears, plus applicable interest thereon. Upon payment of such arrearages in whole, plus interest thereon, the Authority shall distribute proportionately such amounts to the non-defaulting Parties. Upon any Party accumulating arrears on twelve (12) monthly loan advances, such Party shall be automatically expelled as a Party to this Agreement without any further action by the Authority, the Commission or any other Party. Such expelled Party may be subsequently readmitted as a Party to this Agreement only upon the approval of the legislative body to each Party that is then a Party to this Agreement upon such terms and conditions as the then remaining Parties may impose upon such readmittance. During any period of time that a Party has been either suspended or expelled and there exists on the Commission voting Members of Parties in a number less than the numbers set forth in Section 2.B. hereof, (i) the quorum requirement under Section 2.C.(4) shall be reduced, if applicable, to be a majority of the Parties not suspended or expelled who are represented by a majority of the Members then on the Commission, and (ii) the voting requirement under Section 2.C.(5) shall be reduced, if applicable, to a lesser number that continues to be represented by a majority of the Members then on the Commission. It is anticipated that such funding by the Parties may continue for an extended period of time which cannot now be determined both prior to and subsequent to the time when the Authority accepts the transfer of the Airport Facility or accepts the operational responsibility therefor. Prior to the time or times when the Parties adopt their annual budgets, such funding will be required to be made by the Parties from any legally available funds that may be allocated for such purpose. The Airport Manager shall prepare the Authority budget for whatever period of time is involved and submit it to the Commission for consideration and approval, and thereafter such Authority approved budget shall be submitted to the Parties for such action as they deem appropriate under the circumstances.

The budgeting process required by this Section for each Party to advance funds to the Authority shall be required of the Authority both prior to and subsequent to accepting the operational responsibility of the Airport Facility and until such time as the Authority is able to be financially self-supporting from Airport Facility derived revenue sources.

Section 12. Term, Amendments, Termination.

(a) This Agreement shall be effective when executed by all of the Parties designated on the signature pages hereof; may be amended by unanimous consent of the Parties to include other municipal corporations or for any other lawful purpose; and shall continue for so long as necessary to carry out the purposes of any

agreement with the United States Government or until terminated by unanimous consent, whichever is later; provided, however, that:

(i) This Agreement cannot be terminated until all revenue bonds or other forms of indebtedness issued pursuant hereto, and the interest thereon, shall have been paid or adequate provision for such payment shall have been made in accordance with the resolution of the Authority authorizing the issuance thereof; and

(ii) This Agreement cannot be amended in any manner to the detriment of the holders of any such revenue bonds or other forms of indebtedness which are outstanding in accordance with any resolution of the Authority authorizing the issuance thereof; and

(iii) No termination or amendment shall adversely affect the operation, repair, maintenance, improvement or administration of the Airport Facility; and

(iv) No termination or amendment shall be made which is contrary to the language, spirit or intent of any contract and/or grant agreement entered into by the Authority with the United States of America, or any agreement entered into by the Authority with the State of California, or any department, administration or agency of either.

(b) In the event the Authority for any reason whatsoever, (i) is or becomes unable to, or (ii) cannot legally or for any other reason, or (iii) the federal government or any agency thereof denies the Authority the right to, accept the transfer of the Airport Facility or assume the operational control and responsibility thereof by a date that becomes required for such transfer or assumption of the Airport Facility, then the County of San Bernardino may assume such operational control and responsibility and transfer of the Airport Facility. Upon the County of San Bernardino or any other governmental body accepting the transfer of the operational control of the Airport Facility and accepting conveyance of the Airport Facility, then under such circumstances the Authority and this Agreement shall be deemed to be terminated and the Parties shall take all necessary actions to evidence such termination.

(c) If this Agreement is terminated, as provided in this Section 12, any property acquired as a result of the joint exercise of powers or the net sale proceeds (as used herein, "net sale proceeds" shall be those moneys or assets that remain after all indebtedness, loans and bonds, together with interest thereon, payable by the Authority, have been paid in full or provision for the payment thereof has been made and all moneys, to the extent applicable, have been disposed in such manner as may be required

pursuant to federal and State laws, rules and regulations then in effect) available upon a sale of any or all assets of the Authority shall be distributed or transferred in such manner as may be determined by the Commission, and upon no action being taken to the contrary with regard to the disposition of property acquired and net sale proceeds, any and all such property acquired and net sale proceeds shall be transferred to the Inland Valley Development Agency. After completion of the purposes of this Agreement, and upon termination thereof, title to and possession of all real property interests in the Airport Facility and improvements thereon then owned by the Authority shall be disposed in such manner as may be determined by the then Members of the Commission or as may be required by law or agreement to which the Authority is a party, and in the event no action is or can be taken by the Commission such title and possession shall revert to the Inland Valley Development Agency. Any surplus moneys on deposit with the Treasurer if not required to support the Airport Facility shall be transferred to the Inland Valley Development Agency unless otherwise directed by the then members of the Commission or unless otherwise required by law or agreement to which the Authority is a party.

Section 13. Notices.

Notice hereunder shall be sufficient if delivered to the Secretary of the Authority or to the City Clerk or Clerk of the Board of Supervisors, as appropriate, of each of the Parties.

Section 14. Miscellaneous.

The Section headings herein are for convenience only and are not to be construed as modifying or governing the language in the Section referred to. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld. This Agreement is made in the State of California under the Constitution and laws of such State and is to be so construed.

Section 15. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the Parties hereto.

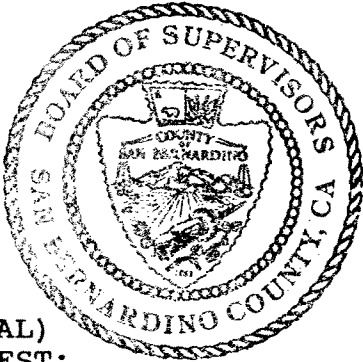
Section 16. Severability.

Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the United States of America or the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 17. Debts and Liabilities.

The debts and liabilities of the Authority shall be those of the Authority and not of the Parties. The Authority shall save, keep, defend, indemnify and hold harmless all Parties, their officers and agents against and from all claims and liability for damage to property or personal injury received by reason of or in the course of development, construction, improvements or operations, whether aviation or otherwise authorized and approved by the Authority pursuant to its powers as stated in this Agreement, which may be occasioned by an act or omission on the part of the Authority, its agents or employees.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, their official seals to be hereto affixed, as of the date first above written.



(SEAL)
ATTEST:

EARLENE SPROAT, Clerk of the Board
of Supervisors

By Mary Louise Levasio
Deputy, Clerk of the Board of
Supervisors

Approved as to Form:

Ray S. Jordan
County Counsel

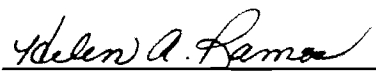
COUNTY OF SAN BERNARDINO

By: Larry Walker
LARRY WALKER
Title: Chairman, Board of Supervisors
Dated: MAY 11 1992
92-327

CITY OF COLTON, CALIFORNIA

By: 
Title: MAYOR
Dated: MAY 5, 1992

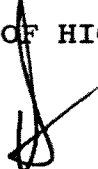
(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

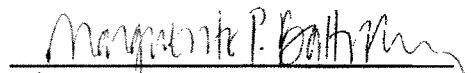
CITY OF HIGHLAND, CALIFORNIA

By: 
Dennis Johnson
Title: Mayor
Dated: April 21, 1992

(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

CITY OF LOMA LINDA, CALIFORNIA

By: 

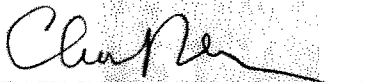
Title: Robert H. Christman
Mayor

Dated: May 12, 1992

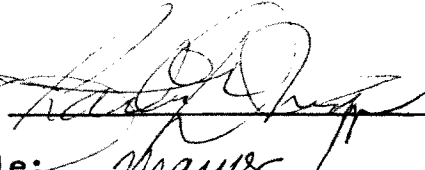
(SEAL)
ATTEST:


city clerk

Approved as to Form:


City Attorney

CITY OF REDLANDS, CALIFORNIA

By: 

Title: Mayor

Dated: April 21, 1992

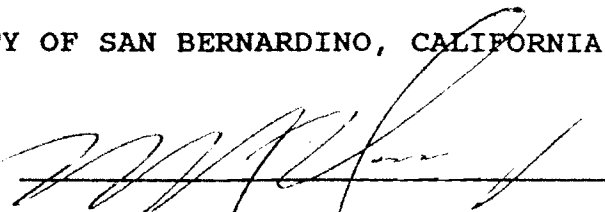
(SEAL)
ATTEST:


city clerk

Approved as to Form:


Attorney for Redlands

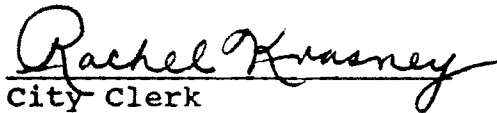
CITY OF SAN BERNARDINO, CALIFORNIA

By: 

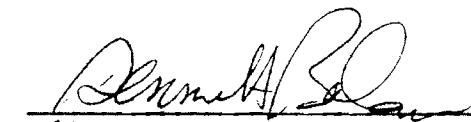
Title: W. R. Holcomb, Mayor

Dated: 5/6/92

(SEAL)
ATTEST:


City Clerk

Approved as to Form:


City Attorney

1 Charles R. Green (Bar No. 068331)
 2 Alexis G. Crump (Bar No. 139014)
 3 SABO & GREEN
 4 A Professional Corporation
 5 6320 Canoga Avenue, Suite 400
 6 Woodland Hills, CA 91367
 7 (818) 704-0195

8 Attorneys for Respondents and Defendants
 9 COUNTY OF SAN BERNARDINO,
 10 CITY OF SAN BERNARDINO,
 11 CITY OF COLTON, CITY OF LOMA LINDA and
 12 INLAND VALLEY DEVELOPMENT AGENCY

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA

14 FOR THE COUNTY OF ORANGE

15 CITY OF REDLANDS, a municipal	)	CASE NO. 680255
16 corporation,	)	
17	)	[SAN BERNARDINO COUNTY
18 Plaintiff and Petitioner,	)	SUPERIOR COURT CASE
19 vs.	)	NO. 255222 (Master File)
20	)	and CASE NO. 256889]
21 COUNTY OF SAN BERNARDINO, <u>et al.</u> ,	)	JUDGMENT
22	)	
23 Defendants and Respondents.	)	

24 Upon application of the parties to this action, and
 25 good cause appearing therefor:

26 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

27 1. This judgment is made and entered with respect to
 28 San Bernardino Superior Court Case Numbers 255222 and 256889,
 which were consolidated for all purposes under Master File Number
 256889. This consolidated action was transferred to the Superior
 Court of Orange and assigned file number 680255. These actions
 shall hereinafter be referred to as the "Consolidated Action".
 This judgment represents a final adjudication of all claims and

///

1 causes of action alleged by any party to the Consolidated Action.

2 2. This Consolidated Action was properly brought
3 before this Court and this Court has acquired jurisdiction to
4 hear this action and render judgment herein.

5 3. The Inland Valley Development Agency (the "IVDA")
6 was properly formed and validly exists. Its constituent members,
7 the County of San Bernardino, the City of San Bernardino, the
8 City of Colton and the City of Loma Linda (hereinafter
9 collectively referred to as the "Members") observed all necessary
10 procedural steps required by all laws of the State of California
11 for the formation of the IVDA.

12 4. The Amended Joint Exercise of Powers Agreement
13 (Inland Valley Development Agency) (the "Joint Powers Agreement")
14 was properly approved, executed and entered into under Article I
15 of Chapter 5 of Division 7 of Title 1 of the Government Code
16 (Section 6500 et seq.) and under Health and Safety Code
17 Section 33320.5, and is valid in all respects and legally
18 enforceable in accordance with its terms.

19 5. The Redevelopment Plan for the Inland Valley
20 Redevelopment Project Area (the "Redevelopment Plan") was validly
21 prepared and adopted by the IVDA in accordance with all
22 applicable laws, including applicable provisions of the Community
23 Redevelopment Law (Health and Safety Code Section 33000 et seq.)
24 and the California Environmental Quality Act (Public Resources
25 Code Section 21000 et seq.) ("CEQA") and the Redevelopment Plan,
26 and all provisions thereof, consolidates a valid and legally
27 enforceable document in accordance with its terms.

28 ///

1 6. The Environmental Impact Report prepared on behalf
2 of and adopted by the IVDA in connection with the adoption of the
3 Redevelopment Plan is valid and complies with the requirements of
4 CEQA in all respects.

5 7. The parties to this action have entered into a
6 stipulation for Entry of Judgment (the "Stipulation"), a copy of
7 which is attached as Exhibit "A". The Court hereby approves the
8 Stipulation and makes it a part of this judgment, binding each of
9 the parties and the terms thereof. The Joint Powers Agreement
10 and the Redevelopment Plan will be implemented consistent with
11 the Stipulation and Settlement Agreements.

12 8. This judgment is a judgment of validation under
13 Code of Civil Procedure Section 860 et seq., and shall be forever
14 binding and conclusive as to all matters adjudicated or which
15 could have been adjudicated, and shall permanently enjoin the
16 institution by any person of any action or proceeding raising any
17 issue as to which this judgment is binding and conclusive.

18 9. Each of the parties shall bear their own costs and
19 fees incurred in connection with this action.

20
21 Dated: _____

Judge of the Superior Court

22
23
24
25 CSBO/0007/DOC/95
26
27
28