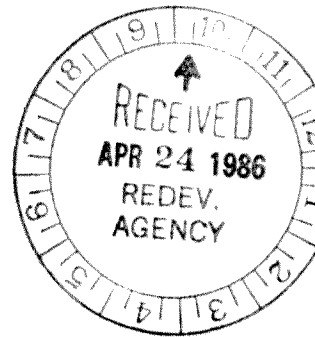


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## OFFER TO PURCHASE REAL PROPERTY

1. BUYER. Redevelopment Agency of the City of Redlands, a Municipality, ("Buyer") hereby offers to purchase from Southern Pacific Transportation Company, a Delaware corporation, ("Seller"), the real property hereinafter described upon the following terms and conditions.

2. PROPERTY. The real property ("Property") which is the subject of this offer consists of 0.626 of an acre, more or less, located in the City of Redlands, County of San Bernardino, State of California, together with all appurtenances thereto and improvements thereon, if any. The Property is more particularly described on Exhibit "A".

### 3. PURCHASE PRICE.

3.1 The Purchase Price to be paid by Buyer to Seller for the Property is \$235,000.

### 4. DEPOSITS.

4.1 Within five (5) calendar days of acceptance of this offer by Seller, Buyer shall deliver to Escrow Holder (as defined in paragraph 5), a cashier's check in the sum of \$7,050 (the "Deposit"), which shall apply toward the Purchase Price.

4.2 Escrow Holder is hereby authorized and instructed to disburse to Seller the total of the Deposit, less \$500.00, as provided in Paragraph 7.2. Buyer hereby releases Escrow Holder for any claims arising out of Escrow Holder's compliance with the provisions of this paragraph 4.3 and paragraph 7.2.

BUYER'S INITIALS *RS* SELLER'S INITIALS \_\_\_\_\_

4.3 The balance of the Purchase Price, including Buyer's Escrow fees and other closing costs, if any, shall be deposited with Escrow Holder, by cashier's check no later than 2:00 o'clock P.M. on the business day prior to the Closing Date (as defined in Paragraph 8.1).

4.4 In the event Buyer shall fail to deliver the Deposit on or before the date set forth in this paragraph 4 or promptly to perform any other covenant or obligation contained in this agreement, Seller may elect to specifically enforce this agreement or to terminate this agreement and retain as liquidated damages the amounts provided in paragraph 4.6 of this agreement. No waiver by Seller of any delinquency or default on the part of Buyer shall be construed as a waiver of any subsequent delinquency or default.

4.5 IN THE EVENT SELLER ELECTS TO TERMINATE THIS AGREEMENT AS A RESULT OF A DELINQUENCY OR DEFAULT BY BUYER AS PROVIDED IN PARAGRAPH 4.4 OR, IN THE ALTERNATIVE, IN THE EVENT BUYER FAILS TO PERFORM ANY COVENANT OR OBLIGATION PURSUANT TO THIS AGREEMENT, IT IS EXPRESSLY ACKNOWLEDGED THAT SELLER WILL INCUR SUBSTANTIAL DAMAGES AS A RESULT OF SUCH DELINQUENCY, DEFAULT OR FAILURE OF PERFORMANCE, AND IT IS FURTHER ACKNOWLEDGED THAT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT TO CALCULATE AND ASCERTAIN. THEREFORE, IT IS EXPRESSLY AGREED THAT BUYER SHALL PAY TO SELLER LIQUIDATED DAMAGES IN THE SUM OF \$6,550, WHICH BUYER AND SELLER AGREE ARE REASONABLE IN LIGHT OF ALL THE FACTS KNOWN TO THEM ON THE DATE OF THE AGREEMENT, AND SUCH DAMAGES SHALL BE RETAINED BY SELLER FROM THE DEPOSIT.

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5. ESCROW.

5.1 The purchase and sale of the Property shall be consummated by means of an escrow (the "Escrow") to be opened at the office of Ticor Title Insurance Company ("Escrow Holder"), located at 340 Fourth Street, San Bernardino, California 92403.

5.2 Upon acceptance of this offer by Seller, Buyer shall request that Escrow Holder promptly prepare escrow instructions, on its customary form, for the purchase and sale of the Property upon the terms and provisions hereof. The escrow instructions shall be promptly signed by Buyer and Seller. The Escrow shall be deemed to be "opened" as of the date fully executed counterparts of such instructions are delivered to Escrow Holder by Buyer and Seller. The escrow instructions shall not modify or amend the provisions of this agreement unless otherwise expressly set forth therein. At the option of Escrow Holder this document may be considered as its escrow instructions, with such further instructions as Escrow Holder shall require in order to clarify the duties and responsibilities of Escrow Holder.

6. PRELIMINARY TITLE REPORT AND DOCUMENTS. Within a reasonable period of time after the opening of escrow, Seller, at its expense, shall furnish to Buyer the following:

- (a) A preliminary title report ("PTR") concerning the Property issued by Ticor Title Insurance Company, 340 Fourth Street, San Bernardino, California 92403, (the "Title Company") together with copies of all documents referred to in such PTR.
- (b) Copies of all currently effective unrecorded tenant leases, rental agreements or other agreements, if any, relating to the Property which are to remain in effect after Buyer takes title to the Property.

7. CONDITIONS PRECEDENT TO FINAL PERFORMANCE OF THIS AGREEMENT.

7.1 The following are conditions precedent to the final performance of this agreement, and are not conditions precedent to its formation:

- (a) Buyer's approval of the PTR, including legal description of the Property, and the documents referred to in Paragraph 6(b) hereof, which approval shall be given as provided in paragraph 7.2.

7.2 Buyer shall deliver to Seller and Escrow Holder its written approval or disapproval of the matters referred to in paragraph 7.1(a) within ten (10) days after receipt thereof. In the event that such written approval or disapproval is not received by Seller and Escrow Holder on or before the date due, it shall be conclusively presumed that Buyer has unconditionally approved each of said matters. Upon approval of such matters, by either express written approval or by failure to deliver timely disapproval, Escrow Holder shall disburse to Seller the total of the Deposit, less \$500.00, as provided in paragraph 4.2.

7.3 In the event that Buyer delivers timely disapproval or conditional approval of the PTR, or any part thereof, or any of the items referred to in Paragraphs 7.1(a), then for a period of ten (10) days after Seller's receipt of such written notice, Seller, by written notice to Buyer, may elect to cure said disapproved or conditionally approved items prior to the close of escrow. If Seller does not elect to cure all of said items, then for a period of ten (10) days after said written notice to Buyer, Buyer shall have the right either to accept title to the Property subject to said items, thereby waiving any and all claims against Seller by reason thereof, or to terminate this Agreement. Buyer shall give written notice to Seller of Buyer's election within ten (10) days after either (i) receipt of Notice of Seller's election not to cure, or (ii) the expiration of the time in which Seller shall have been required to respond to Buyer's notice of disapproval or conditional approval. If Buyer shall fail to give Seller such written notice of Buyer's election within the time specified, it shall be conclusively presumed that Buyer has elected to terminate this Agreement. If Buyer elects to terminate this Agreement, thereafter neither Buyer nor Seller shall have any further liability hereunder, except that Buyer shall be entitled to the prompt return of all funds deposited by Buyer with Escrow Holder, less only escrow cancellation fees and costs and title company charges, all of which Buyer hereby agrees to pay.

## 8. CLOSING

8.1 Escrow Holder shall close the escrow on or before July 30, 1986 ("Closing Date").

8.2 Seller shall deliver or cause to be delivered to Buyer through escrow:

- (a) A Grant deed in proper form duly executed and recordable conveying to Buyer fee title to the Property subject only to (i) the exceptions approved by Buyer pursuant to Paragraph 7 hereof, and (ii) a reservation by Seller of all mineral rights and certain other covenants in the form attached hereto as Exhibit "B".

- (b) If applicable, all agreements and leases referred to in Paragraph 6(b) and assignments thereof to Buyer.

8.3 Buyer shall deliver or cause to be delivered to Seller through escrow the Purchase Price as set forth in Paragraph 3 hereof.

8.4 Both parties shall execute and deliver through escrow any other documents or instruments which are reasonably necessary in order to consummate the purchase and sale of the Property.

9. CONDITION OF PROPERTY; BUYER'S INTENDED USE.

9.1 Buyer acknowledges that it offers and desires to purchase the Property "as is" and without representation or warranty from Seller with respect to the condition of the Property including, but not limited to, the condition of the soil, presence of hazardous materials or contaminants, and other physical characteristics. Buyer shall perform and rely solely upon its own independent investigation concerning the physical condition of the Property.

9.2 Seller has not and does not hereby make any representation or warranty to Buyer concerning the Property or its compliance with any statutes, ordinance or regulation. Buyer shall perform and rely solely upon its own independent investigation concerning the Property's compliance with any applicable law.

9.3 Buyer represents that its intended use of the Property is storm drain and parking. Buyer shall perform and rely solely upon its own investigation concerning its intended use of the Property, the Property's fitness therefor, and the availability of such intended use under applicable statutes, ordinances and regulations.

10. PRORATIONS AND EXPENSES.

10.1 Real property taxes shall be prorated as of the Closing Date, based upon the latest tax bill available. Assessments of record which are not yet due shall be assumed by Buyer. Rentals shall be prorated as of the Closing Date.

10.2 All recording fees, documentary transfer taxes, escrow fees and any costs connected with the closing of this sale shall be charged to the Buyer by the Escrow Holder.

11. POSSESSION. Possession of the Property shall be delivered to Buyer at, and the rents, issues and profits of the Property shall accrue to Buyer from, the Closing Date.

12. INTEGRATION. The contract resulting from Seller's acceptance hereof contains the entire agreement of the parties and cannot be amended or modified except by a written agreement.

13. COMMISSIONS. The parties acknowledge and represent that there is no person who is entitled to a commission, finder's fee or other like compensation arising in any manner from this agreement. Each party agrees to defend, indemnify and hold the other party harmless from and against each claim for commission or finder's fee, and the costs and expenses incurred by the other party in connection with such claims which are asserted against the other party by an person or party other than the Broker who alleges that it was engaged or retained by such party, or that it was the procuring cause or instrumental in consummating this Offer and Agreement for Purchase.

14. INTERPRETATION. This agreement shall be construed, interpreted and applied in accordance with the laws of the State of California.

15. AUTHORITY OF BUYER'S REPRESENTATIVES. The person or persons executing this agreement on behalf of Buyer expressly represent and warrant that they are authorized by Buyer to enter into this agreement on Buyer's behalf and that execution of this agreement by such persons constitutes a binding obligation of Buyer.

16. ASSIGNABILITY. Buyer shall not assign its rights or interests under this agreement without the express written consent of Seller. In the event Seller's consent to an assignment by Buyer of its rights and interest pursuant to this agreement is given, such consent shall not relieve or excuse Buyer of any of its obligations arising under this agreement unless such written consent shall expressly so provide.

17. TIME. Time is of the essence of this agreement.

18. SEVERABILITY. In the event that any provision of this agreement is found to be invalid or unenforceable, such determination shall not affect the validity and enforceability of any other provision of this agreement.

19. RIGHT OF ENTRY.

19.1 Buyer and its Agents may enter on the Property at all reasonable times while this Agreement is in effect to make tests, surveys, studies and inspections in connection with the Property, provided that prior to the exercise of said right and at all times while Buyer or its agents are present upon the Property, Buyer shall arrange for, keep and maintain in full force and effect a policy of comprehensive general liability issuance with a combined single limit of not less than \$2,000,000, and shall furnish to Seller a certificate of such insurance which names Seller as an additional insured and provides that such policy shall not be cancelled or amended without thirty (30) days prior written notice to Seller. Buyer shall indemnify and defend Seller against and hold Seller harmless from, any and all liability, cost and expense for loss of or damage to any property or injury to or death of any person, arising out of or in any way related to the exercise of the right to enter the Property granted hereunder unless such liability, cost and expense is caused by the sole, active negligence of Seller.

All costs incurred in connection with tests, surveys, studies, inspections, reviews, approvals, determinations and applications made by or on behalf of Buyer under this Agreement or in connection with Buyer's proposed use of the Property shall be paid by Buyer. In the event of the recordation of any claim of lien for materials supplied or labor or professional services performed on behalf of Buyer, Buyer shall promptly satisfy and discharge such lien at Buyer's sole cost and expense upon demand therefor by Seller.

19.2 Reports and Studies. Buyer shall provide to Seller a copy of each report, study, regulation or ordinance obtained by Buyer in connection with its approvals under Section 8. In addition, if the purchase and sale of the Property is not consummated for any reason, Buyer shall deliver to Seller free of charge all of the engineering, architectural, financial and other studies, drawings, reports, surveys and similar materials prepared by or on behalf of Buyer with respect to the Property and Buyer's proposed project to the extent Buyer is legally entitled to do so.

20. Internal Revenue Code §1445.

Seller is not a "foreign person" as that term is used in Internal Revenue Code Section 1445 ("IRC §1445") and Seller agrees to furnish Buyer, prior to Close of Escrow, a Non-Foreign Certification or any other documentation required under IRC §1445 to evidence that Seller is not a "foreign person."

21. Preliminary Change of Ownership.

Buyer shall execute and deliver to Escrow Holder an appropriate Preliminary Change of Ownership Form.

22. Subdivision Map Act.

Pursuant to California Government Code Section 66499.30(e), this agreement is conditioned upon the approval and filing of a final subdivision map or parcel map, if required by the Subdivision Map Act. Buyer shall undertake and diligently pursue at its sole cost such action as shall be necessary to effect such compliance. In the event that Buyer has not effected such compliance on or before the Closing Date, this agreement shall automatically terminate and Buyer shall bear all escrow cancellation and similar fees, unless the parties otherwise agree in writing.

23. Notices.

Any notice required or permitted to be given hereunder shall be in writing and shall be effective upon personal delivery or upon three (3) days after deposit in the United States Mail, postage prepaid and addressed as follows:

TO SELLER: Southern Pacific Transportation Company  
c/o Santa Fe Pacific Realty Corporation  
3230 E. Imperial, Suite 100  
Brea, CA 92621

TO BUYER: Redevelopment Agency of the  
City of Redlands  
Suite 202, Redlands Plaza  
Redlands, CA 92373

The foregoing addresses may be changed by written notice.

24. Buyer is Offeror; Seller's Management Approval.

24.1 Buyer and Seller agree and confirm that this document constitutes an offer from Buyer to Seller which Seller may accept in accordance with Paragraph 26.

24.2 Buyer hereby acknowledges and agrees that Seller must obtain approval of its executive officers prior to acceptance of this offer. Buyer further acknowledges that neither the preparation or presentation of this offer, nor the negotiations, whether written or oral, leading to this offer create any obligation or commitment on the part of Seller to accept this offer or to sell the Property to Buyer unless such approval of Seller's executive officers is given and communicated to Buyer. Such approval, if given, shall be communicated to Buyer solely by Seller's written acceptance of this offer in accordance with Paragraph 26.

24.3 Buyer and Seller agree and confirm that this transaction is being made under threat of condemnation.

25. ACCEPTANCE.

25.1 This offer to purchase by Buyer shall remain irrevocably open until 5:00 p.m. on May 23, 1986, and if not accepted by Seller by said date shall be deemed revoked.

25.2 Seller may accept this offer to purchase by delivering to Buyer in person or depositing into the United States mail one copy of this agreement executed by the Seller on or before the date set forth in paragraph 25.1.

BUYER:

Redevelopment Agency of the  
City of Redlands  
a California corporation

ATTESTED BY:

By Carole Resnick

James Boyer  
SELLER:

By William G. Smith

Southern Pacific Transportation Company  
a California corporation

By \_\_\_\_\_

Its \_\_\_\_\_



EXHIBIT "A"

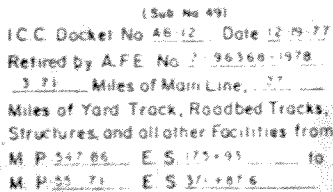


EXHIBIT "B"

DEED PROVISIONS

Southern Pacific Transportation Company, Grantor, reserves unto itself and its successors and assigns the entire mineral estate in the Property described lying not less than 500 feet beneath the natural surface. For purposes of this reservation the mineral estate shall include all substances which have been discovered or which may in the future be discovered upon or under the Property described, which are now or may in the future be valuable, and which are now or may be in the future enjoyed through extraction from the Property described. Without limiting the generality of the foregoing, the mineral estate shall include all mineral rights, interests, and royalties, all forms of geothermal energy, all coal, all gases, all hydrocarbon substances, all fissionable materials, all metallic minerals, and all non-metallic minerals.

Notwithstanding ownership of the mineral estate, neither Grantor nor its successors or assigns shall have the right to enter upon the surface of the Property described for the purpose of extracting any constituents of the mineral estate. Grantor reserves the right, on behalf of itself, its successors and assigns, (1) to extract the constituents of the mineral estate from the Property described by means of wells, shafts, tunnels or other subsurface accesses which may be constructed, drilled or dug on or from other land and which may penetrate into the Property described below a depth of 500 feet, and (2) to excavate, construct, maintain, and operate subsurface facilities below a depth of 500 feet of the Property described for the extraction of the constituents of the mineral estate so long as the subsurface facilities do not unreasonably interfere with the use and enjoyment of the surface estate in the described land.

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