

RESOLUTION NO. 7242

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDLANDS AUTHORIZING THE MAYOR AND CITY COUNCIL TO EXECUTE DOCUMENTS ASSOCIATED WITH THE PURCHASE AND SALE AGREEMENT WITH LIVE OAK ASSOCIATES, LLC, RALPH AND CAROLYN THOMPSON TRUST DATED JUNE 30, 1982, AND ELLSWORTH E. WAREHAM FAMILY REVOCABLE 1981 TRUST.

WHEREAS, the Redlands Conservancy, a California non-profit public benefit corporation, entered into a Real Property Purchase and Sale Agreement ("Purchase/Sale Agreement") with Live Oak Associates, LLC, Ralph and Carolyn Thompson Trust dated June 30, 1982, and Ellsworth E. Wareham Family Revocable 1981 Trust dated October 15, 2012, for the purchase and sale of certain real property (the "Property") situated in the City of Redlands and more particularly described in the Agreement, a copy of which is attached hereto as Exhibit "A;" and

WHEREAS, an assignment of the Purchase/Sale Agreement was made and entered into on the 20th day of November, 2012, by and between the Redlands Conservancy and the City; and

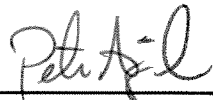
WHEREAS, the City of Redlands received all of the Redlands Conservancy's right, title and interest in, to and under the Purchase/Sale Agreement; and

WHEREAS, it is the desire of the City Council to authorize the Mayor, and any member of the City Council, to execute documents to effectuate the real property transaction described within the Purchase/Sale Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REDLANDS AS FOLLOWS:

Section 1. That the Mayor of the City of Redlands, and any member of the Redlands City Council, is authorized to execute in the name of the City of Redlands all necessary documents to effectuate the real property transaction with Live Oak Associates, LLC, Ralph and Carolyn Thompson Trust dated June 30, 1982, and Ellsworth E. Wareham Family Revocable 1981 Trust as described in the Purchase/ Sale Agreement dated October 15, 2012, for the Property.

ADOPTED, SIGNED AND APPROVED this 18th day of December, 2012.



Pete Aguilar, Mayor

ATTEST:



Sam Irwin, City Clerk

I, Sam Irwin, City Clerk of the City of Redlands, hereby certify that the foregoing Resolution was duly **adopted** by the City Council at a regular meeting thereof, held on the 18th day of December, 2012, by the following vote:

AYES: Councilmembers Foster, Gardner, Gilbreath; Mayor Aguilar
NOES: None
ABSTAIN: None
ABSENT: Councilmember Harrison



Sam Irwin, City Clerk

Exhibit “A”

Real Property Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into effective October 15, 2012 ("Effective Date"), by and between THE REDLANDS CONSERVANCY, a California non-profit public benefit corporation ("Buyer") and Live Oak Associates LLC, Ralph and Carolyn Thompson Living Trust dated June 30, 1982, Ellsworth E. Wareham Family Revocable 1981 Trust. In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

1.1 Parties' Status. Buyer is a California non-profit public benefit corporation with the power to acquire real and personal property.

1.2 Seller's Ownership Interest. Live Oak Associates LLC (60%), Ralph and Carolyn Thompson Living Trust dated June 30, 1982 (20%), Ellsworth E. Wareham Family Revocable 1981 Trust (20%) referred to herein collectively as "Seller" and as to each ownership interest as "Individual Seller".

1.3 Property. Seller owns certain real property consisting of approximately 172 acres of land located in Redlands, California, bearing Assessor Parcel Nos. 0300231-31, 0300-231-38, and 0300-241-15; ("Property"), more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

1.4 Incomplete Legal Description. If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the Title Company (as defined in Section 2.5 below) to issue the Title Policy hereinafter described.

1.5 Agreement of Purchase and Sale. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the considerations set forth in this Agreement, Sellers fee interest in the Property.

1.6 Other Grants. It is agreed that Seller, or its successors in interest, will not grant an interest in the Property, or any part thereof, including, but not limited to, a fee simple interest, easements, lease or any other conveyances and/or construct improvements or make changes upon or to the Property during the period between the Effective Date and the Close of Escrow, as such term is defined below.

1.7 Possession. Seller agrees that the Property will be available to Buyer and free from all tenancies and occupants upon the Close of Escrow.

1.8 As Is. Buyer is to purchase the Property "as is," that is, in its present condition, and except for those representations and warranties set forth in this Agreement, Seller makes no representations or warranties regarding the condition of the Property.

1.9 Due Diligence. On or before the date that is thirty-five (35) days from the Effective Date ("Contingency Date"), Buyer shall have the right to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, economic, financial, and accounting matters relating to or affecting the Property or its value, and the physical and environmental condition of the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the Property and proceed with this Agreement.

1.10 Ratification. On or before the Contingency Date, this Agreement is subject to the approval and ratification by the Buyer's Board of Directors. In the event the Buyer's Board of Directors fails to approve this Agreement: (i) there shall be no liability on the part of the Buyer, (ii) this Agreement shall become null and void and of no further force and effect; and (iii) Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

ARTICLE II

PURCHASE PRICE, TITLE AND ESCROW

2.1 Purchase Price and Deposit. Buyer shall pay to the Seller the sum of two million, five hundred fifty two thousand, five hundred and no/100 Dollars (\$2,552,500.00) ("Purchase Price") for the Property. Within five (5) days of the Effective Date, Buyer shall deposit the sum of One Thousand Dollars (\$1,000.00) in Escrow (as defined below) (the "Deposit"). The Deposit shall be refundable until 11:59 p.m. Pacific Standard Time on the Contingency Date, and shall be applicable to the Purchase Price at the Close of Escrow. The Purchase Price shall represent full and complete compensation for all rights and interests being acquired herein by Buyer, including, without limitation, real property and such other compensation, damages and benefits, excluding those identified in Section 3.5 of this document. The Purchase Price, after application of the Deposit, shall be payable to Seller, upon the Close of Escrow, in immediately available funds in accordance with the provisions and requirements of this Agreement.

2.2 Land Transaction Costs

2.2.1 Sellers will pay, in accordance with their percentage interest in the Property, Redland's Conservancy One Hundred Two Thousand Dollars (\$102,100.00) ("Cost Reimbursement") out of escrow proceeds to reimburse Redland's Conservancy for some of the costs in acquiring the Property, which are over and above any costs of Buyer, which Buyer is required to pay under the provisions of this Agreement.

2.2.2 In the event that an Individual Seller believes that the Purchase Price for the Property is below fair market value at the time of closing, an Individual Seller may elect to make charitable contribution of land value to Buyer equal to all or a portion of the difference between the Purchase Price and fair market value of the interest of that Individual Seller. The Individual Seller may obtain a "qualified" appraisal as defined under the Internal Revenue Code and shall be responsible for compliance with all laws and rules of the IRS related to claiming the contribution. Buyer makes no representation to the electing Individual Seller as to the tax consequences of such an election. An electing Individual Seller will obtain independent tax counsel and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code and California Franchise Tax Board. At the electing Individual Seller's option and after Buyer purchases the Property, Buyer agrees to promptly complete Part IV (Donor Acknowledgement) of IRS Form 8233 (Non-cash Charitable Contributions) upon receipt of a completed Form 8283 from Seller (Part III, Declaration of Appraiser, may be completed upon return of Form from Buyer).

2.3 Escrow. Upon execution of this Agreement by the parties, Buyer shall open an escrow ("Escrow") with Chicago Title, San Bernardino, California, Dan Dulin, Title Officer for the purpose of consummating this Agreement. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.4 Conduct of Escrow. Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law, custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the State of California and the Internal Revenue Service.

2.5 Seller shall cause Chicago Title to prepare and shall be delivered to Buyer a Preliminary Title Report, setting forth all liens, encumbrances, easements, restrictions, conditions of record. Buyer shall, within thirty (30) days of receipt of the Preliminary Title Report, but in no case after the Contingency Date, to give written notice to Seller of any defects in or objection to the title so evidenced. Seller shall, within thirty (30) days of receipt of said notice ("Cure Period"), but in no case after the Contingency Date, clear the title of the defects and objections so specified. In the event Seller fails to clear the title of the defects and objections contained in Buyer's notice within the Cure Period, Buyer shall have the option exercisable by written notice to Seller to either (i) terminate the Agreement, or (ii) accept the Property subject to the defects and objections so stated. Buyer's failure to provide written notice to Seller shall be deemed a continuing disapproval of the condition of title.

(b) Title conveyed to Buyer shall be free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following:

(1) Current property taxes,

(2) Covenants, conditions, restrictions, and public utility easements of record, if any, provided the same do not adversely affect the continued use of the property for the purposes for which it is presently being used, unless reasonably disapproved by Buyer in writing within Fifteen (15) calendar days of receipt of a current preliminary report, but in no case after the Contingency Date.

2.6. Condition of Title. Seller shall convey title to the Property to Buyer as evidenced by a CLTA Owner's standard form of Title Insurance (the "Title Policy") in an amount equal to the Purchase Price issued by Chicago Title (the "Title Company"). The title shall be conveyed and the Title Policy shall show title to the Property vested in the Buyer, subject only to the following matters affecting the conditions of title:

- a. A lien to secure payment of real property taxes and assessments, not delinquent;
- b. A lien of supplemental taxes with respect to periods after the Close of Escrow;
- c. The exceptions disclosed by the Preliminary Title Report which are approved by Buyer pursuant to this Agreement.

2.7. If a supplemental report is issued prior to the Close of Escrow which shows new matters, Buyer reserves the right to require any new matters removed from the Title Policy. Seller agrees to assist with the removal of the new matters.

2.8 Reports, Studies and Agreements. Within three (3) calendar days of the Effective Date, Seller shall provide Buyer with copies of any reports, studies, maps or agreements affecting the Property which the Seller have in their possession, including but not limited to geotechnical and soils reports, surveys, environmental reports, and other reports, studies, maps or agreements affecting the Property.

ARTICLE III CLOSING

3.1 Closing. Subject to the satisfaction of any contingencies described herein, Escrow Holder shall close this Escrow by recording the Grant Deed attached hereto as Exhibit "B", and by disbursing the funds and documents in accordance with this Agreement.

3.2 Closing Date. Escrow shall close on or before the date that is thirty-five (35) days from the Contingency Date ("Close of Escrow"), but in no case later than December 31, 2012, unless a notice to exercise the option to extend the Close of Escrow is timely received from Buyer, the Escrow will automatically be canceled.

3.3. Option to Extend Closing Date. Buyer shall have the option to extend the Close of Escrow up to and including April 1, 2013 by giving to Seller written notice prior to the end of the Contingency Period, of this election to extend the Close of Escrow. Upon giving the Notice to extend the Close of Escrow the purchase price provided in paragraph 2.1 shall be increased by the sum of One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00), which shall be payable Forty Thousand Dollars (\$40,000.00) to each seller.

3.4. Closing Documents.

3.4.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

(a) The Grant Deed, duly executed and acknowledged; and

(b) All additional documents, instruments and sums which may be reasonably necessary for the Close of Escrow and to consummate the sale

of the Property in accordance with the terms of this Agreement.

3.4.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

- (a) The Purchase Price; and
- (b) All additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.5 Mortgages and Deeds of Trust. Any and all monies payable under this Agreement, up to and including the total amount of unpaid principal and interest on any note secured by a mortgage or deed of trust, or other security instrument if any, shall, upon demand, be made payable to the mortgagee or beneficiary entitled thereunder, and such mortgagee or beneficiary shall be required to furnish Buyer with good and sufficient receipt showing said monies were credited against the indebtedness secured by said mortgage, deed of trust, or other security instrument. Escrow Holder shall notify the Title Company of such payments and secure and cause any necessary full or partial conveyances to be prepared, signed and recorded as required by the title company to eliminate any encumbrances or exceptions from the Title Policy issued pursuant to this Agreement.

3.6 Taxes, Title, and Escrow Costs. Buyer and Seller shall each pay one half of all costs for the Title Policy, all recording costs incurred herein, all reconveyance fees, trustees fees, or forwarding fees, and any prepayment charges for any full or partial reconveyance or full or partial release of any mortgage or deed of trust, and any escrow fees.

3.7. Prorations. All real property taxes and assessments encumbering the Property shall be prorated by Escrow Holder as of the Close of Escrow, based upon the latest available real property tax information. If after the Close of Escrow, the parties determine that the prorations by Escrow Holder were erroneous for any reason whatsoever, then they shall re-prorate all real property taxes and assessments between themselves using the same formula used by Escrow Holder in making the prorations as of the Close of Escrow.

3.8 Brokerage Commissions. The parties acknowledge that neither party has been represented by a real estate broker, with respect to this transaction.

3.9 Closing Statement. Seller hereby authorizes and instructs Escrow Holder to release a copy of Seller's closing statement to Buyer, the purpose being to ascertain if any reimbursements are due Seller.

ARTICLE IV RIGHT OF ENTRY AND DAMAGE TO PROPERTY

4.1 Right of Entry. After the execution of this Agreement by the parties, and during the Contingency Period, Seller grants to Buyer, its agents, employees or nominees, the right to enter into and upon the Property for the purpose of conducting a Phase I Environmental Site Assessment (the "Phase I"), soil testing, environmental and engineering studies, and such further engineering, grading, archeological, geological or survey work as may be required by the Buyer. Buyer shall give Seller reasonable notice of such entry, and shall not unreasonably interfere with any occupant's use of the Property or any of Seller's other operations on the Property. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests. Buyer shall keep the Property free and clear of any liens or encumbrances that may arise out of Buyer's inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all such studies and work on the Property shall be at the sole cost and expense of, and shall be paid by, Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof. Should the Phase I studies identify issues that need to be remediated, the Seller must address those issues, subject to the right of Seller to terminate this agreement if Seller's are unwilling to pay the cost of any such issues.

4.2 Material Change, Destruction or Damage. Seller warrants that there shall be no material change in the condition of the Property prior to the Close of Escrow unless such change has been approved in writing by Buyer. The closing of this Escrow is contingent upon the fact that no material change shall have occurred with respect to the Property that has not been approved in

writing by Buyer. For purposes of this Agreement, a "material change" shall be a change in the status of the use, title, occupancy, or condition of the Property that occurs subsequent to the Effective Date of this Agreement. In the event there is a material change to the Property after the Effective Date, Buyer may elect to (i) pursue any and all remedies available at law or in equity in the event the material change is a default by Seller, (ii) terminate the Agreement and receive a refund of any earnest money, or (iii) proceed with the closing and purchase the Property with a credit against the Purchase Price otherwise due hereunder equal to the amount of any insurance proceeds actually collected by Seller prior to the Close of Escrow as a result of any such material change, plus the amount of any insurance deductible or any uninsured amount or retention. Seller shall maintain a casualty insurance policy with respect to the Property in full force and effect until the Close of Escrow.

ARTICLE V WAIVER AND RELEASE

5.1 Acknowledgment of Full Benefits. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by the Buyer, and Seller hereby expressly and unconditionally waives any and all claims for damages or any other compensation or benefits, other than as already expressly provided for in this Agreement.

5.2 Acknowledgment of Just Compensation. Upon the Close of Escrow and except as provided in Section 2.2, the parties acknowledge and agree that the consideration paid to Seller shall be deemed the fair market value and total amount of "Just Compensation" for the Property. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby fully releases the Buyer, its successors, agents, representatives, and assigns, and all other persons and associations, known or unknown, from all claims and causes of action by reason of any damage which has been sustained, or may be sustained, as a result of the Buyer's efforts to acquire the Property or to construct works of improvement thereon, or any preliminary steps thereto.

5.3 Waivers. Upon the Close of Escrow Seller waives the right to further and greater compensation and to have the adequacy of compensation determined in a court of law or equity, by a judge or a jury. Seller understands and knowingly agrees that this waiver shall extend to constitutional claims of whatever kind or nature that may be brought under the California and United States Constitutions and the federal civil rights statutes including, without limitation, claims arising under 42 U.S.C. Section 1983. Upon the Close of Escrow Seller further waives the right to raise affirmative defenses and to attack by way of answer, complaint or collaterally, the Buyer's right to acquire the property for public uses and purposes, and to challenge the findings made in any resolution of necessity.

5.4 Enforcement.

5.4.1 BUYER'S DEFAULT. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES AND SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER IN THE EVENT BUYER DEFAULTS HEREUNDER AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED. BUYER AND SELLER THEREFORE AGREE THAT A REASONABLE PRESENT ESTIMATE OF THE NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT OR BREACH HEREUNDER IS AN AMOUNT OF MONEY EQUAL TO THE DEPOSIT, WHICH SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

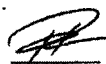
Sellers Initials



Buyer

5.4.2 SELLER'S DEFAULT. IN THE EVENT OF A DEFAULT BY SELLER UNDER THIS AGREEMENT, THE BUYER MAY ELECT TO TERMINATE THIS AGREEMENT (WITHOUT WAIVER OF ANY OTHER RIGHTS AND REMEDIES AVAILABLE TO BUYER AT LAW OR IN EQUITY), IN WHICH EVENT ESCROW OR TITLE COSTS PAID BY THE BUYER, INCLUDING, WITHOUT LIMITATION, THE DEPOSIT, WILL BE REFUNDED AND REIMBURSED TO THE BUYER IMMEDIATELY BY ESCROW HOLDER, AND SELLER WILL PAY ANY ESCROW CANCELLATION FEES DUE TO ESCROW HOLDER; OR BUYER MAY PROCEED TO CLOSE THE ESCROW; AND BUYER WILL HAVE ALL OTHER RIGHTS AND REMEDIES AVAILABLE TO THE CONSERVANCY AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT.

Sellers Initials



Buyer

These acknowledgments, waivers and releases shall survive the Close of Escrow.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 Seller Representations, Warranties and Covenants. Each Individual Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

6.1.1 Authority: Each Individual Seller is the owner of the Property and has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Each Individual Seller's obligations hereunder. The person signing this Agreement and any documents and instruments in connection herewith on behalf of each Individual Seller has full power and authority to do so.

6.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by each Individual Seller or filed by each Individual Seller, or to the best of each Individual Seller's knowledge, pending in any current judicial or administrative proceeding against each Individual Seller. Further, each Individual Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy proceeding.

6.1.3 Other Agreements: Each Individual Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

6.1.4 Condition of Property: Each Individual Seller has warrants and covenants that through the date possession is made available to Buyer, the Property shall be maintained in the same condition as upon the Effective Date.

6.1.5 Violation of Codes: Each Individual Seller has warrants that each Individual Seller has no knowledge of any notice of any violations of city, county, state, federal, building, zoning, fire, health codes or ordinances, or other governmental regulations filed or issued against the Property. Each Individual Seller further warrants that it has no knowledge of any aspect or condition of the Property which violates applicable laws rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency, or of any casualty insurance company that any work, investigation, remediation, repair, maintenance or improvement is to be performed on the Property.

6.1.6 Maintenance of the Property: Except as provided in other provisions hereof dealing with destruction, damage or loss, Seller shall maintain the Property until the Close of Escrow in the same condition as upon the Effective Date.

6.1.7 Possessory Rights: To the best knowledge of the Seller, no one will, at the Close of Escrow, have any right to possession of the Property superior to the right of the Buyer.

6.1.8 Actions: To the best of each Individual Seller's knowledge, no actions suits, or proceedings are pending or threatened before any governmental department

Sellers Initials



Buyer
101712

commission, board, bureau, agency, court, or instrumentality that would affect the Property.

6.1.9 Notice of Changes: Each Individual Seller shall promptly notify Buyer in writing of any material change affecting the Property that becomes known to each Individual Seller prior to the Close of Escrow.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Seller shall notify Buyer, in writing, of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VII BUYER'S REPRESENTATIONS AND WARRANTIES

7.1 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

7.1.1 Authority: Buyer is a non-profit conservation entity 501(c)(3) and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The persons signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so.

7.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VIII DEFAULT AND TERMINATION

8.1 Default. A party shall be deemed in default hereunder if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

8.2 Opportunity to Cure. No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) calendar days in the case of a non-monetary default, or five (5) calendar days in the case of a monetary default.

8.3 Termination upon Default. After notice and an opportunity to cure, if the defaulting party fails to cure the default, the non-defaulting party may terminate this acquisition by giving written notice to the defaulting party and the Escrow Holder. Upon receipt of the notice to terminate, the Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

8.4 Buyer's Termination. If Buyer exercises its rights under this Agreement to terminate this acquisition, Buyer shall provide written notice to the Seller and Escrow Holder. Upon receipt of said notice, Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

ARTICLE IX MUTUAL AGREEMENTS

9.1 Soil Inspection. At any time prior to the Contingency Date, Buyer shall have the right to obtain a soil report concerning the Property. Said report shall be obtained at Buyer's discretion and expense. Buyer shall indemnify and hold Seller harmless from any liability arising

from Buyer's soils investigation and keep the property free from any liens, including mechanics liens, arising from persons or agents authorized to perform such soils investigation on behalf of Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests Buyer.

9.2 Other Agreements Affecting Property. Seller and Buyer have entered into this Agreement upon the belief that there are no other agreements, which will affect the Property beyond the Close of Escrow. If Seller determines that such agreements or exceptions exist which are not revealed herein, Seller shall provide Buyer with a copy immediately upon Seller's learning of its existence. Buyer may thereafter, prior to the Close of Escrow, either terminate this acquisition or modify the Purchase Price. After Close of Escrow, Seller shall be liable to Buyer for any damage or expense including attorney's fees and costs incurred by Buyer by reason of such undisclosed agreements. Seller shall further indemnify and defend Buyer as necessary so that Buyer may use the Property for the contemplated public use.

ARTICLE X HAZARDOUS SUBSTANCES

10.1 Hazardous Substances Disclosure. The Property is subject to a disclosure as designated under Section 25359.7 of the Health and Safety Code, whereby Seller is required to disclose if there are any hazardous substances, as defined in Health and Safety Code Section 25316, et seq., located on or beneath the property or adjacent thereto. It is understood and agreed between Buyer and Seller that closing of this Escrow is subject to and contingent upon receipt and approval of a written disclosure by Seller. Said review and approval will not be unreasonably withheld or delayed by Seller.

10.2 Hazardous Substances. Each Individual Seller represents and warrants that it does not have knowledge of the existence or prior existence of any hazardous substances on the Property. In addition, Seller has no actual knowledge of the existence or prior existence of any above or below ground storage tank or tanks on the Property.

10.3 Hazardous Substance Conditions Report. Buyer shall have the right to obtain a Hazardous Substance Conditions report(s) or other environmental studies concerning the Property and relevant adjoining properties. Such report(s) will be obtained at Buyer's discretion and expense. If Buyer elects to secure such reports, Buyer shall use reasonable diligence to obtain such a report on a timely basis. If Seller has such a report, they shall provide Buyer with a copy thereof. If Seller has knowledge of any hazardous substance condition report that was prepared by any other person or entity including any governmental agency, Seller shall inform Buyer of the existence of such a report and its location within fifteen (15) calendar days from the Effective Date. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests performed by Buyer.

10.4 Hazardous Substances Defined. "Hazardous Substances" for purposes of this Agreement shall mean and refer to any (a) hazardous or toxic wastes, materials or substances or chemicals and other pollutants or contaminants which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted by judicial and administrative decisions) and laws, (b) asbestos, asbestos-containing materials or urea formaldehyde, (c) polychlorinated biphenyls, (d) flammable, explosive, corrosive or radioactive materials, (e) medical waste and biochemical, (f) gasoline, diesel, petroleum or petroleum by-products, (g) lead-based paint or (h) any substance set forth in Health and Safety Code Section 2530, et seq., or whose nature and/or quality of existence, use, manufacture or effect, render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substances Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property or a Hazardous Substance that would or could require remediation and/or removal under applicable federal, state or local law.

10.5 Hazardous Substances During Inspection Period. If conditions suggesting the presence of Hazardous Substances are discovered before the Contingency Date, Buyer may, within twenty (20) days of the discovery of such conditions, perform further tests to determine whether such Hazardous Substances constitute contamination. If, after such tests are completed, Buyer cannot determine whether such Hazardous Substances constitute contamination, or if remediation of Hazardous Substances is required, then, within ten (10) days of discovery of such, Buyer shall provide Seller written notice of said potential contamination or necessary remediation and Seller shall perform all necessary remediation. In the event that Seller is

obligated to perform any remediation prior to the Contingency Date, the Contingency Date shall be extended on a day-to-day basis during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its option to extend the Close of Escrow date.

10.6 Hazardous Substances Discovered After Contingency Date. In the event that conditions suggesting the presence of Hazardous Substances (other than those discovered prior to the Contingency Date) Buyer may provide Seller written notice of said contamination or necessary remediation and Seller shall perform all necessary remediation, subject to the right of Seller to terminate this agreement if it disapproves the cost of any such remediation. In the event that Seller is obligated to perform such remediation and Seller does not elect to terminate this agreement, the Closing Date shall be extended on a day-to-day basis, during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its right to extend the Close of Escrow date.

ARTICLE XI MISCELLANEOUS

11.1 Exhibits. All Exhibits attached hereto are a part of this Agreement for all purposes and are incorporated herein.

11.2 Assignment. Seller shall not assign this Agreement nor any rights under this Agreement without the prior written consent of the Buyer. Buyer shall have the right to assign this Agreement and any rights hereunder at any time after the Contingency Date provided that Buyer shall pay any and all costs and expenses arising out of Buyer's assignment and Seller shall not incur any additional expenses or be obligated to provide any additional environmental reports affecting the Property. Buyer shall only assign this Agreement to a public agency or a non-profit organization for the overall long term purposes of conservation and recreation.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors, heirs, agents and permitted assigns.

11.4 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

11.5 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

11.6 Governing Law and Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of San Bernardino, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

11.7 Amendments. This Agreement may be amended or supplemented only by written documents signed by the parties.

11.8 Notices. All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally, by facsimile or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

Buyer

The Redlands Conservancy
PO Box 855
Redlands, CA 92373
Attn: Shirdi Leonard

Seller

Ralph J. Thompson, Jr., Trustee
P.O. Box 1085
Redlands, CA 92373

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized

overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

11.9 Entirety. This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

11.10 Severability. If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

11.11 Further Acts. In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

11.12 Construction. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

11.13 Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

11.14 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

11.15 Survival of Warranties. All of the warranties, representations, covenants and agreements of the parties hereto contained in this Agreement shall survive the Close of Escrow.

Buyer:

The Redlands Conservancy
A California non-profit public
benefit corporation

By: *Robert E. Dawn*

Sellers:

Live Oak Associates, LLC
A California Limited Liability Company

By: _____

Ellsworth E. Wareham Family Revocable
1981 Trust

By: _____

Ralph and Carolyn Thompson Living Trust
dated June 30, 1982

By: _____
Ralph J. Thompson, Jr., Trustee

By: _____
Carolyn J. Thompson, Trustee

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into effective October 15, 2012 ("Effective Date"), by and between THE REDLANDS CONSERVANCY, a California non-profit public benefit corporation ("Buyer") and Live Oak Associates LLC, Ralph and Carolyn Thompson Living Trust dated June 30, 1982, Ellsworth E. Wareham Family Revocable 1981 Trust. In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

1.1 **Parties' Status.** Buyer is a California non-profit public benefit corporation with the power to acquire real and personal property.

1.2 **Seller's Ownership Interest.** Live Oak Associates LLC (60%), Ralph and Carolyn Thompson Living Trust dated June 30, 1982 (20%), Ellsworth E. Wareham Family Revocable 1981 Trust (20%) referred to herein collectively as "Seller" and as to each ownership interest as "Individual Seller".

1.3 **Property.** Seller owns certain real property consisting of approximately 172 acres of land located in Redlands, California, bearing Assessor Parcel Nos. 0300231-31, 0300-231-38, and 0300-241-15; ("Property"), more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

1.4 **Incomplete Legal Description.** If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the Title Company (as defined in Section 2.5 below) to issue the Title Policy hereinafter described.

1.5 **Agreement of Purchase and Sale.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the considerations set forth in this Agreement, Seller's fee interest in the Property.

1.6 **Other Grants.** It is agreed that Seller, or its successors in interest, will not grant an interest in the Property, or any part thereof, including, but not limited to, a fee simple interest, easements, lease or any other conveyances and/or construct improvements or make changes upon or to the Property during the period between the Effective Date and the Close of Escrow, as such term is defined below.

1.7 **Possession.** Seller agrees that the Property will be available to Buyer and free from all tenancies and occupants upon the Close of Escrow.

1.8 **As Is.** Buyer is to purchase the Property "as is," that is, in its present condition, and except for those representations and warranties set forth in this Agreement, Seller makes no representations or warranties regarding the condition of the Property.

1.9 **Due Diligence.** On or before the date that is thirty-five (35) days from the Effective Date ("Contingency Date"), Buyer shall have the right to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, economic, financial, and accounting matters relating to or effecting the Property or its value, and the physical and environmental condition of the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the Property and proceed with this Agreement.

1.10 **Ratification.** On or before the Contingency Date, this Agreement is subject to the approval and ratification by the Buyer's Board of Directors. In the event the Buyer's Board of Directors fails to approve this Agreement: (i) there shall be no liability on the part of the Buyer; (ii) this Agreement shall become null and void and of no further force and effect; and (iii) Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

ARTICLE II

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Seller's Initials

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PURCHASE PRICE, TITLE AND ESCROW

2.1 Purchase Price and Deposit. Buyer shall pay to the Seller the sum of two million, five hundred fifty two thousand, five hundred and no/100 Dollars (\$2,552,500.00) ("Purchase Price") for the Property. Within five (5) days of the Effective Date, Buyer shall deposit the sum of One Thousand Dollars (\$1,000.00) in Escrow (as defined below) (the "Deposit"). The Deposit shall be refundable until 11:59 p.m. Pacific Standard Time on the Contingency Date, and shall be applicable to the Purchase Price at the Close of Escrow. The Purchase Price shall represent full and complete compensation for all rights and interests being acquired herein by Buyer, including, without limitation, real property and such other compensation, damages and benefits, excluding those identified in Section 3.5 of this document. The Purchase Price, after application of the Deposit, shall be payable to Seller, upon the Close of Escrow, in immediately available funds in accordance with the provisions and requirements of this Agreement.

2.2 Land Transaction Costs

2.2.1 Sellers will pay, in accordance with their percentage interest in the Property, Redland's Conservancy One Hundred Two Thousand Dollars (\$102,100.00) ("Cost Reimbursement") out of escrow proceeds to reimburse Redland's Conservancy for some of the costs in acquiring the Property, which are over and above any costs of Buyer, which Buyer is required to pay under the provisions of this Agreement.

2.2.2 In the event that an Individual Seller believes that the Purchase Price for the Property is below fair market value at the time of closing, an Individual Seller may elect to make charitable contribution of land value to Buyer equal to all or a portion of the difference between the Purchase Price and fair market value of the interest of that Individual Seller. The Individual Seller may obtain a "qualified" appraisal as defined under the Internal Revenue Code and shall be responsible for compliance with all laws and rules of the IRS related to claiming the contribution. Buyer makes no representation to the electing Individual Seller as to the tax consequences of such an election. An electing Individual Seller will obtain independent tax counsel and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code and California Franchise Tax Board. At the electing Individual Seller's option and after Buyer purchases the Property, Buyer agrees to promptly complete Part IV (Donee Acknowledgement) of IRS Form 8233 (Non-cash Charitable Contributions) upon receipt of a completed Form 8283 from Seller (Part III, Declaration of Appraiser, may be completed upon return of Form from Buyer).

2.3 Escrow. Upon execution of this Agreement by the parties, Buyer shall open an escrow ("Escrow") with Chicago Title, San Bernardino, California, Dan Dulin, Title Officer for the purpose of consummating this Agreement. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.4 Conduct of Escrow. Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law, custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the State of California and the Internal Revenue Service.

2.5 Seller shall cause Chicago Title to prepare and shall be delivered to Buyer a Preliminary Title Report, setting forth all liens, encumbrances, easements, restrictions, conditions of record. Buyer shall, within thirty (30) days of receipt of the Preliminary Title Report, but in no case after the Contingency Date, to give written notice to Seller of any defects in or objection to the title so evidenced. Seller shall, within thirty (30) days of receipt of said notice ("Cure Period"), but in no case after the Contingency Date, clear the title of the defects and objections so specified. In the event Seller fails to clear the title of the defects and objections contained in Buyer's notice within the Cure Period, Buyer shall have the option exercisable by written notice to Seller to either (i) terminate the Agreement, or (ii) accept the Property subject to the defects and objections so stated. Buyer's failure to provide written notice to Seller shall be deemed a continuing disapproval of the condition of title.

(b) Title conveyed to Buyer shall be free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following:

(1) Current property taxes,

(2) Covenants, conditions, restrictions, and public utility easements of record, if any, provided the same do not adversely affect the continued use of the property for the purposes for which it is presently being used, unless reasonably disapproved by Buyer in writing within Fifteen (15) calendar days of receipt of a current preliminary report, but in no case after the Contingency Date.

2.6. Condition of Title. Seller shall convey title to the Property to Buyer as evidenced by a CLTA Owner's standard form of Title Insurance (the "Title Policy") in an amount equal to the Purchase Price issued by Chicago Title (the "Title Company"). The title shall be conveyed and the Title Policy shall show title to the Property vested in the Buyer, subject only to the following matters affecting the conditions of title:

- a. A lien to secure payment of real property taxes and assessments, not delinquent;
- b. A lien of supplemental taxes with respect to periods after the Close of Escrow;
- c. The exceptions disclosed by the Preliminary Title Report which are approved by Buyer pursuant to this Agreement.

2.7. If a supplemental report is issued prior to the Close of Escrow which shows new matters, Buyer reserves the right to require any new matters removed from the Title Policy. Seller agrees to assist with the removal of the new matters.

2.8. Reports, Studies and Agreements. Within three (3) calendar days of the Effective Date, Seller shall provide Buyer with copies of any reports, studies, maps or agreements affecting the Property which the Seller have in their possession, including but not limited to geotechnical and soils reports, surveys, environmental reports, and other reports, studies, maps or agreements affecting the Property.

ARTICLE III CLOSING

3.1. Closing. Subject to the satisfaction of any contingencies described herein, Escrow Holder shall close this Escrow by recording the Grant Deed attached hereto as Exhibit "B", and by disbursing the funds and documents in accordance with this Agreement.

3.2. Closing Date. Escrow shall close on or before the date that is thirty-five (35) days from the Contingency Date ("Close of Escrow"), but in no case later than December 31, 2012, unless a notice to extend the option to extend the Close of Escrow is timely received from Buyer, the Escrow will automatically be canceled.

3.3. Option to Extend Closing Date. Buyer shall have the option to extend the Close of Escrow up to and including April 1, 2013 by giving to Seller written notice prior to the end of the Contingency Period, of this election to extend the Close of Escrow. Upon giving the Notice to extend the Close of Escrow the purchase price provided in paragraph 2.1 shall be increased by the sum of One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00), which shall be payable Forty Thousand Dollars (\$40,000.00) to each seller.

3.4. Closing Documents.

3.4.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

- (a) The Grant Deed, duly executed and acknowledged; and
- (b) All additional documents, instruments and sums which may be reasonably necessary for the Close of Escrow and to consummate the sale

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of the Property in accordance with the terms of this Agreement.

3.4.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

(a) The Purchase Price; and

(b) All additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.5 Mortgages and Deeds of Trust. Any and all monies payable under this Agreement, up to and including the total amount of unpaid principal and interest on any note secured by a mortgage or deed of trust, or other security instrument if any, shall, upon demand, be made payable to the mortgagee or beneficiary entitled thereunder; and such mortgagee or beneficiary shall be required to furnish Buyer with good and sufficient receipt showing said monies were credited against the indebtedness secured by said mortgage, deed of trust, or other security instrument. Escrow Holder shall notify the Title Company of such payments and secure and cause any necessary full or partial conveyances to be prepared, signed and recorded as required by the title company to eliminate any encumbrances or exceptions from the Title Policy issued pursuant to this Agreement.

3.6 Taxes, Title, and Escrow Costs. Buyer and Seller shall each pay one half of all costs for the Title Policy, all recording costs incurred herein, all reconveyance fees, trustees fees, or forwarding fees, and any prepayment charges for any full or partial reconveyance or full or partial release of any mortgage or deed of trust, and any escrow fees.

3.7 Prorations. All real property taxes and assessments encumbering the Property shall be prorated by Escrow Holder as of the Close of Escrow, based upon the latest available real property tax information. If after the Close of Escrow, the parties determine that the prorations by Escrow Holder were erroneous for any reason whatsoever, then they shall re-prorate all real property taxes and assessments between themselves using the same formula used by Escrow Holder in making the prorations as of the Close of Escrow.

3.8 Brokerage Commissions. The parties acknowledge that neither party has been represented by a real estate broker, with respect to this transaction.

3.9 Closing Statement. Seller hereby authorizes and instructs Escrow Holder to release a copy of Seller's closing statement to Buyer, the purpose being to ascertain if any reimbursements are due Seller.

ARTICLE IV RIGHT OF ENTRY AND DAMAGE TO PROPERTY

4.1 Right of Entry. After the execution of this Agreement by the parties, and during the Contingency Period, Seller grants to Buyer, its agents, employees or nominees, the right to enter into and upon the Property for the purpose of conducting a Phase I Environmental Site Assessment (the "Phase I"), soil testing, environmental and engineering studies, and such further engineering, grading, archeological, geological or survey work as may be required by the Buyer. Buyer shall give Seller reasonable notice of such entry, and shall not unreasonably interfere with any occupant's use of the Property or any of Seller's other operations on the Property. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests. Buyer shall keep the Property free and clear of any liens or encumbrances that may arise out of Buyer's inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all such studies and work on the Property shall be at the sole cost and expense of, and shall be paid by, Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof. Should the Phase I studies identify issues that need to be remediated, the Seller must address those issues, subject to the right of Seller to terminate this agreement if Seller's are unwilling to pay the cost of any such issues.

4.2 Material Change, Destruction or Damage. Seller warrants that there shall be no material change in the condition of the Property prior to the Close of Escrow unless such change has been approved in writing by Buyer. The closing of this Escrow is contingent upon the fact that no material change shall have occurred with respect to the Property that has not been approved in

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writing by Buyer. For purposes of this Agreement, a "material change" shall be a change in the status of the use, title, occupancy, or condition of the Property that occurs subsequent to the Effective Date of this Agreement. In the event there is a material change to the Property after the Effective Date, Buyer may elect to (i) pursue any and all remedies available at law or in equity in the event the material change is a default by Seller, (ii) terminate the Agreement and receive a refund of any earnest money, or (iii) proceed with the closing and purchase the Property with a credit against the Purchase Price otherwise due hereunder equal to the amount of any insurance proceeds actually collected by Seller prior to the Close of Escrow as a result of any such material change, plus the amount of any insurance deductible or any uninsured amount or retention. Seller shall maintain a casualty insurance policy with respect to the Property in full force and effect until the Close of Escrow.

ARTICLE V WAIVER AND RELEASE

5.1 Acknowledgment of Full Benefits. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by the Buyer, and Seller hereby expressly and unconditionally waives any and all claims for damages or any other compensation or benefits, other than as already expressly provided for in this Agreement.

5.2 Acknowledgment of Just Compensation. Upon the Close of Escrow and except as provided in Section 2.2, the parties acknowledge and agree that the consideration paid to Seller shall be deemed the fair market value and total amount of "Just Compensation" for the Property. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby fully releases the Buyer, its successors, agents, representatives, and assigns, and all other persons and associations, known or unknown, from all claims and causes of action by reason of any damage which has been sustained, or may be sustained, as a result of the Buyer's efforts to acquire the Property or to construct works of improvement thereon, or any preliminary steps thereto.

5.3 Waivers. Upon the Close of Escrow Seller waives the right to further and greater compensation and to have the adequacy of compensation determined in a court of law or equity, by a judge or a jury. Seller understands and knowingly agrees that this waiver shall extend to constitutional claims of whatever kind or nature that may be brought under the California and United States Constitutions and the federal civil rights statutes including, without limitation, claims arising under 42 U.S.C. Section 1983. Upon the Close of Escrow Seller further waives the right to raise affirmative defenses and to attack by way of answer, complaint or collaterally, the Buyer's right to acquire the property for public uses and purposes, and to challenge the findings made in any resolution of necessity.

5.4 Enforcement.

5.4.1 BUYER'S DEFAULT. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES AND SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER IN THE EVENT BUYER DEFAULTS HEREUNDER AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED. BUYER AND SELLER THEREFORE AGREE THAT A REASONABLE PRESENT ESTIMATE OF THE NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT OR BREACH HEREUNDER IS AN AMOUNT OF MONEY EQUAL TO THE DEPOSIT, WHICH SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

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Sellers Initials

Buyer

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5.4.2 **SELLER'S DEFAULT.** IN THE EVENT OF A DEFAULT BY SELLER UNDER THIS AGREEMENT, THE BUYER MAY ELECT TO TERMINATE THIS AGREEMENT (WITHOUT WAIVER OF ANY OTHER RIGHTS AND REMEDIES AVAILABLE TO BUYER AT LAW OR IN EQUITY), IN WHICH EVENT ESCROW OR TITLE COSTS PAID BY THE BUYER, INCLUDING, WITHOUT LIMITATION, THE DEPOSIT, WILL BE REFUNDED AND REIMBURSED TO THE BUYER IMMEDIATELY BY ESCROW HOLDER, AND SELLER WILL PAY ANY ESCROW CANCELLATION FEES DUE TO ESCROW HOLDER; OR BUYER MAY PROCEED TO CLOSE THE ESCROW; AND BUYER WILL HAVE ALL OTHER RIGHTS AND REMEDIES AVAILABLE TO THE CONSERVANCY AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT.

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Sellers Initials

Buyer

These acknowledgments, waivers and releases shall survive the Close of Escrow.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 **Seller Representations, Warranties and Covenants.** Each Individual Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

6.1.1 **Authority:** Each Individual Seller is the owner of the Property and has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Each Individual Seller's obligations hereunder. The person signing this Agreement and any documents and instruments in connection herewith on behalf of each Individual Seller has full power and authority to do so.

6.1.2 **Bankruptcy:** There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by each Individual Seller or filed by each Individual Seller, or to the best of each Individual Seller's knowledge, pending in any current judicial or administrative proceeding against each Individual Seller. Further, each Individual Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy proceeding.

6.1.3 **Other Agreements:** Each Individual Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

6.1.4 **Condition of Property:** Each Individual Seller has warrants and covenants that through the date possession is made available to Buyer, the Property shall be maintained in the same condition as upon the Effective Date.

6.1.5 **Violation of Codes:** Each Individual Seller has warrants that each Individual Seller has no knowledge of any notice of any violations of city, county, state, federal, building, zoning, fire, health codes or ordinances, or other governmental regulations filed or issued against the Property. Each Individual Seller further warrants that it has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency, or of any casualty insurance company that any work, investigation, remediation, repair, maintenance or improvement is to be performed on the Property.

6.1.6 **Maintenance of the Property:** Except as provided in other provisions hereof dealing with destruction, damage or loss, Seller shall maintain the Property until the Close of Escrow in the same condition as upon the Effective Date.

6.1.7 **Possessory Rights:** To the best knowledge of the Seller, no one will, at the Close of Escrow, have any right to possession of the Property superior to the right of the Buyer.

6.1.8 **Actions:** To the best of each Individual Seller's knowledge, no actions, suits, or proceedings are pending or threatened before any governmental department,

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commission, board, bureau, agency, court, or instrumentality that would affect the Property.

6.1.9 Notice of Changes: Each Individual Seller shall promptly notify Buyer in writing of any material change affecting the Property that becomes known to each Individual Seller prior to the Close of Escrow.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Seller shall notify Buyer, in writing, of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VII BUYER'S REPRESENTATIONS AND WARRANTIES

7.1 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

7.1.1 Authority: Buyer is a non-profit conservation entity 501(c)(3) and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The persons signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so.

7.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VIII DEFAULT AND TERMINATION

8.1 Default. A party shall be deemed in default hereunder if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

8.2 Opportunity to Cure. No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) calendar days in the case of a non-monetary default, or five (5) calendar days in the case of a monetary default.

8.3 Termination upon Default. After notice and an opportunity to cure, if the defaulting party fails to cure the default, the non-defaulting party may terminate this acquisition by giving written notice to the defaulting party and the Escrow Holder. Upon receipt of the notice to terminate, the Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

8.4 Buyer's Termination. If Buyer exercises its rights under this Agreement to terminate this acquisition, Buyer shall provide written notice to the Seller and Escrow Holder. Upon receipt of said notice, Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

ARTICLE IX MUTUAL AGREEMENTS

9.1 Soil Inspection. At any time prior to the Contingency Date, Buyer shall have the right to obtain a soil report concerning the Property. Said report shall be obtained at Buyer's discretion and expense. Buyer shall indemnify and hold Seller harmless from any liability arising

from Buyer's soils investigation and keep the property free from any liens, including mechanics liens, arising from persons or agents authorized to perform such soils investigation on behalf of Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests Buyer.

9.2 Other Agreements Affecting Property. Seller and Buyer have entered into this Agreement upon the belief that there are no other agreements, which will affect the Property beyond the Close of Escrow. If Seller determines that such agreements or exceptions exist which are not revealed herein, Seller shall provide Buyer with a copy immediately upon Seller's learning of its existence. Buyer may thereafter, prior to the Close of Escrow, either terminate this acquisition or modify the Purchase Price. After Close of Escrow, Seller shall be liable to Buyer for any damage or expense including attorney's fees and costs incurred by Buyer by reason of such undisclosed agreements. Seller shall further indemnify and defend Buyer as necessary so that Buyer may use the Property for the contemplated public use.

ARTICLE X HAZARDOUS SUBSTANCES

10.1 Hazardous Substances Disclosure. The Property is subject to a disclosure as designated under Section 25359.7 of the Health and Safety Code, whereby Seller is required to disclose if there are any hazardous substances, as defined in Health and Safety Code Section 25316, et seq., located on or beneath the property or adjacent thereto. It is understood and agreed between Buyer and Seller that closing of this Escrow is subject to and contingent upon receipt and approval of a written disclosure by Seller. Said review and approval will not be unreasonably withheld or delayed by Seller.

10.2 Hazardous Substances. Each individual Seller represents and warrants that it does not have knowledge of the existence or prior existence of any hazardous substances on the Property. In addition, Seller has no actual knowledge of the existence or prior existence of any above or below ground storage tank or tanks on the Property.

10.3 Hazardous Substance Conditions Report. Buyer shall have the right to obtain a Hazardous Substance Conditions report(s) or other environmental studies concerning the Property and relevant adjoining properties. Such report(s) will be obtained at Buyer's discretion and expense. If Buyer elects to secure such reports, Buyer shall use reasonable diligence to obtain such a report on a timely basis. If Seller has such a report, they shall provide Buyer with a copy thereof. If Seller has knowledge of any hazardous substance condition report that was prepared by any other person or entity including any governmental agency, Seller shall inform Buyer of the existence of such a report and its location within fifteen (15) calendar days from the Effective Date. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests performed by Buyer

10.4 Hazardous Substances Defined. "Hazardous Substances" for purposes of this Agreement shall mean and refer to any (a) hazardous or toxic wastes, materials or substances or chemicals and other pollutants or contaminants which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted by judicial and administrative decisions) and laws, (b) asbestos, asbestos-containing materials or urea formaldehyde, (c) polychlorinated biphenyls, (d) flammable, explosive, corrosive or radioactive materials, (e) medical waste and biochemical, (f) gasoline, diesel, petroleum or petroleum by-products, (g) lead-based paint or (h) any substance set forth in Health and Safety Code Section 2530, et seq., or whose nature and/or quality of existence, use, manufacture or effect, render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substances Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property or a Hazardous Substance that would or could require remediation and/or removal under applicable federal, state or local law.

10.5 Hazardous Substances During Inspection Period. If conditions suggesting the presence of Hazardous Substances are discovered before the Contingency Date, Buyer may, within twenty (20) days of the discovery of such conditions, perform further tests to determine whether such Hazardous Substances constitute contamination. If, after such tests are completed, Buyer cannot determine whether such Hazardous Substances constitute contamination, or if remediation of Hazardous Substances is required, then, within ten (10) days of discovery of such, Buyer shall provide Seller written notice of said potential contamination or necessary remediation and Seller shall perform all necessary remediation. In the event that Seller is

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Seller's Name

Buyer
10/17/2

obligated to perform any remediation prior to the Contingency Date, the Contingency Date shall be extended on a day-to-day basis during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its option to extend the Close of Escrow date.

10.6 Hazardous Substances Discovered After Contingency Date. In the event that conditions suggesting the presence of Hazardous Substances (other than those discovered prior to the Contingency Date) Buyer may provide Seller written notice of said contamination or necessary remediation and Seller shall perform all necessary remediation, subject to the right of Seller to terminate this agreement if it disapproves the cost of any such remediation. In the event that Seller is obligated to perform such remediation and Seller does not elect to terminate this agreement, the Closing Date shall be extended on a day-to-day basis, during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its right to extend the Close of Escrow date.

ARTICLE XI MISCELLANEOUS

11.1 Exhibits. All Exhibits attached hereto are a part of this Agreement for all purposes and are incorporated herein.

11.2 Assignment. Seller shall not assign this Agreement nor any rights under this Agreement without the prior written consent of the Buyer. Buyer shall have the right to assign this Agreement and any rights hereunder at any time after the Contingency Date provided that Buyer shall pay any and all costs and expenses arising out of Buyer's assignment and Seller shall not incur any additional expenses or be obligated to provide any additional environmental reports affecting the Property. Buyer shall only assign this Agreement to a public agency or a non-profit organization for the overall long term purposes of conservation and recreation.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors, heirs, agents and permitted assigns.

11.4 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

11.5 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

11.6 Governing Law and Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of San Bernardino, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

11.7 Amendments. This Agreement may be amended or supplemented only by written documents signed by the parties.

11.8 Notices. All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally, by facsimile or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

Buyer

Seller

The Redlands Conservancy
PO Box 855
Redlands, CA 92373
Attn: Shirlé Leonard

Ralph J. Thompson, Jr., Trustee
P.O. Box 1085
Redlands, CA 92373

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized

Buyer Initials

Buyer
10/17/12

overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

11.9 Entirety. This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

11.10 Severability. If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

11.11 Further Acts. In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

11.12 Construction. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

11.13 Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

11.14 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

11.15 Survival of Warranties. All of the warranties, representations, covenants and agreements of the parties hereto contained in this Agreement shall survive the Close of Escrow.

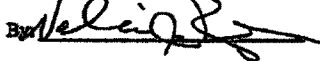
Buyer:

The Redlands Conservancy
A California non-profit public
benefit corporation

By: _____

Seller:

Live Oak Associates, LLC
A California Limited Liability Company

By: 

Ellsworth E. Wareham Family Revocable
1981 Trust

By: _____

Ralph and Carolyn Thompson Living Trust
dated June 30, 1982

By: _____
Ralph J. Thompson, Jr., Trustee

By: _____
Carolyn J. Thompson, Trustee

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into effective October 15, 2012 ("Effective Date"), by and between THE REDLANDS CONSERVANCY, a California non-profit public benefit corporation ("Buyer") and Live Oak Associates LLC, Ralph and Carolyn Thompson Living Trust dated June 30, 1982, Ellsworth E. Wareham Family Revocable 1981 Trust. In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

- 1.1 **Parties' Status.** Buyer is a California non-profit public benefit corporation with the power to acquire real and personal property.
- 1.2 **Seller's Ownership Interest.** Live Oak Associates LLC (60%), Ralph and Carolyn Thompson Living Trust dated June 30, 1982 (20%), Ellsworth E. Wareham Family Revocable 1981 Trust (20%) referred to herein collectively as "Seller" and as to each ownership interest as "Individual Seller".
- 1.3 **Property.** Seller owns certain real property consisting of approximately 172 acres of land located in Redlands, California, bearing Assessor Parcel Nos. 0300231-31, 0300-231-38, and 0300-241-15; ("Property"), more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.
- 1.4 **Incomplete Legal Description.** If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the Title Company (as defined in Section 2.5 below) to issue the Title Policy hereinafter described.
- 1.5 **Agreement of Purchase and Sale.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the considerations set forth in this Agreement, Sellers fee interest in the Property.
- 1.6 **Other Grants.** It is agreed that Seller, or its successors in interest, will not grant an interest in the Property, or any part thereof, including, but not limited to, a fee simple interest, easements, lease or any other conveyances and/or construct improvements or make changes upon or to the Property during the period between the Effective Date and the Close of Escrow, as such term is defined below.
- 1.7 **Possession.** Seller agrees that the Property will be available to Buyer and free from all tenancies and occupants upon the Close of Escrow.
- 1.8 **As Is.** Buyer is to purchase the Property "as is," that is, in its present condition, and except for those representations and warranties set forth in this Agreement, Seller makes no representations or warranties regarding the condition of the Property.
- 1.9 **Due Diligence.** On or before the date that is thirty-five (35) days from the Effective Date ("Contingency Date"), Buyer shall have the right to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, economic, financial, and accounting matters relating to or effecting the Property or its value, and the physical and environmental condition of the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the Property and proceed with this Agreement.
- 1.10 **Ratification.** On or before the Contingency Date, this Agreement is subject to the approval and ratification by the Buyer's Board of Directors. In the event the Buyer's Board of Directors fails to approve this Agreement: (i) there shall be no liability on the part of the Buyer; (ii) this Agreement shall become null and void and of no further force and effect; and (iii) Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

ARTICLE II


Sellers Initials

Buyer
101712

PURCHASE PRICE, TITLE AND ESCROW

2.1 Purchase Price and Deposit. Buyer shall pay to the Seller the sum of two million, five hundred fifty two thousand, five hundred and no/100 Dollars (\$2,552,500.00) ("Purchase Price") for the Property. Within five (5) days of the Effective Date, Buyer shall deposit the sum of One Thousand Dollars (\$1,000.00) in Escrow (as defined below) (the "Deposit"). The Deposit shall be refundable until 11:59 p.m. Pacific Standard Time on the Contingency Date, and shall be applicable to the Purchase Price at the Close of Escrow. The Purchase Price shall represent full and complete compensation for all rights and interests being acquired herein by Buyer, including, without limitation, real property and such other compensation, damages and benefits, excluding those identified in Section 3.5 of this document. The Purchase Price, after application of the Deposit, shall be payable to Seller, upon the Close of Escrow, in immediately available funds in accordance with the provisions and requirements of this Agreement.

2.2 Land Transaction Costs

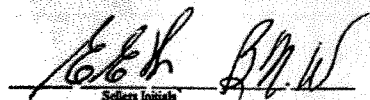
2.2.1 Sellers will pay, in accordance with their percentage interest in the Property, Redland's Conservancy One Hundred Two Thousand Dollars (\$102,100.00) ("Cost Reimbursement") out of escrow proceeds to reimburse Redland's Conservancy for some of the costs in acquiring the Property, which are over and above any costs of Buyer, which Buyer is required to pay under the provisions of this Agreement.

2.2.2 In the event that an Individual Seller believes that the Purchase Price for the Property is below fair market value at the time of closing, an Individual Seller may elect to make charitable contribution of land value to Buyer equal to all or a portion of the difference between the Purchase Price and fair market value of the interest of that Individual Seller. The Individual Seller may obtain a "qualified" appraisal as defined under the Internal Revenue Code and shall be responsible for compliance with all laws and rules of the IRS related to claiming the contribution. Buyer makes no representation to the electing Individual Seller as to the tax consequences of such an election. An electing Individual Seller will obtain independent tax counsel and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code and California Franchise Tax Board. At the electing Individual Seller's option and after Buyer purchases the Property, Buyer agrees to promptly complete Part IV (Donee Acknowledgement) of IRS Form 8233 (Non-cash Charitable Contributions) upon receipt of a completed Form 8283 from Seller (Part III, Declaration of Appraiser, may be completed upon return of Form from Buyer).

2.3 Escrow. Upon execution of this Agreement by the parties, Buyer shall open an escrow ("Escrow") with Chicago Title, San Bernardino, California, Dan Dulin, Title Officer for the purpose of consummating this Agreement. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.4 Conduct of Escrow. Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law, custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the State of California and the Internal Revenue Service.

2.5 Seller shall cause Chicago Title to prepare and shall be delivered to Buyer a Preliminary Title Report, setting forth all liens, encumbrances, easements, restrictions, conditions of record. Buyer shall, within thirty (30) days of receipt of the Preliminary Title Report, but in no case after the Contingency Date, to give written notice to Seller of any defects in or objection to the title so evidenced. Seller shall, within thirty (30) days of receipt of said notice ("Cure Period"), but in no case after the Contingency Date, clear the title of the defects and objections so specified. In the event Seller fails to clear the title of the defects and objections contained in Buyer's notice within the Cure Period, Buyer shall have the option exercisable by written notice to Seller to either (i) terminate the Agreement, or (ii) accept the Property subject to the defects and objections so stated. Buyer's failure to provide written notice to Seller shall be deemed a continuing disapproval of the condition of title.


Sellers Initials

(b) Title conveyed to Buyer shall be free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following:

(1) Current property taxes,

(2) Covenants, conditions, restrictions, and public utility easements of record, if any, provided the same do not adversely affect the continued use of the property for the purposes for which it is presently being used, unless reasonably disapproved by Buyer in writing within Fifteen (15) calendar days of receipt of a current preliminary report, but in no case after the Contingency Date.

2.6. Condition of Title. Seller shall convey title to the Property to Buyer as evidenced by a CLTA Owner's standard form of Title Insurance (the "Title Policy") in an amount equal to the Purchase Price issued by Chicago Title (the "Title Company"). The title shall be conveyed and the Title Policy shall show title to the Property vested in the Buyer, subject only to the following matters affecting the conditions of title:

- a. A lien to secure payment of real property taxes and assessments, not delinquent;
- b. A lien of supplemental taxes with respect to periods after the Close of Escrow;
- c. The exceptions disclosed by the Preliminary Title Report which are approved by Buyer pursuant to this Agreement.

2.7. If a supplemental report is issued prior to the Close of Escrow which shows new matters, Buyer reserves the right to require any new matters removed from the Title Policy. Seller agrees to assist with the removal of the new matters.

2.8. Reports, Studies and Agreements. Within three (3) calendar days of the Effective Date, Seller shall provide Buyer with copies of any reports, studies, maps or agreements affecting the Property which the Seller have in their possession, including but not limited to geotechnical and soils reports, surveys, environmental reports, and other reports, studies, maps or agreements affecting the Property.

ARTICLE III CLOSING

3.1 Closing. Subject to the satisfaction of any contingencies described herein, Escrow Holder shall close this Escrow by recording the Grant Deed attached hereto as Exhibit "B", and by disbursing the funds and documents in accordance with this Agreement.

3.2 Closing Date. Escrow shall close on or before the date that is thirty-five (35) days from the Contingency Date ("Close of Escrow"), but in no case later than December 31, 2012, unless a notice to exercise the option to extend the Close of Escrow is timely received from Buyer, the Escrow will automatically be canceled.

3.3. Option to Extend Closing Date. Buyer shall have the option to extend the Close of Escrow up to and including April 1, 2013 by giving to Seller written notice prior to the end of the Contingency Period, of this election to extend the Close of Escrow. Upon giving the Notice to extend the Close of Escrow the purchase price provided in paragraph 2.1 shall be increased by the sum of One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00), which shall be payable Forty Thousand Dollars (\$40,000.00) to each seller.

3.4. Closing Documents.

3.4.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

(a) The Grant Deed, duly executed and acknowledged; and

(b) All additional documents, instruments and sums which may be reasonably necessary for the Close of Escrow and to consummate the sale



Seller Initials

of the Property in accordance with the terms of this Agreement.

3.4.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

(a) The Purchase Price; and

(b) All additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.5 Mortgages and Deeds of Trust. Any and all monies payable under this Agreement, up to and including the total amount of unpaid principal and interest on any note secured by a mortgage or deed of trust, or other security instrument if any, shall, upon demand, be made payable to the mortgagee or beneficiary entitled thereunder; and such mortgagee or beneficiary shall be required to furnish Buyer with good and sufficient receipt showing said monies were credited against the indebtedness secured by said mortgage, deed of trust, or other security instrument. Escrow Holder shall notify the Title Company of such payments and secure and cause any necessary full or partial conveyances to be prepared, signed and recorded as required by the title company to eliminate any encumbrances or exceptions from the Title Policy issued pursuant to this Agreement.

3.6 Taxes, Title, and Escrow Costs. Buyer and Seller shall each pay one half of all costs for the Title Policy, all recording costs incurred herein, all reconveyance fees, trustees fees, or forwarding fees, and any prepayment charges for any full or partial reconveyance or full or partial release of any mortgage or deed of trust, and any escrow fees.

3.7. Prorations. All real property taxes and assessments encumbering the Property shall be prorated by Escrow Holder as of the Close of Escrow, based upon the latest available real property tax information. If after the Close of Escrow, the parties determine that the prorations by Escrow Holder were erroneous for any reason whatsoever, then they shall reprorate all real property taxes and assessments between themselves using the same formula used by Escrow Holder in making the prorations as of the Close of Escrow.

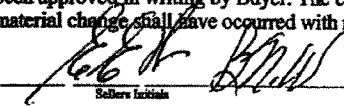
3.8 Brokerage Commissions. The parties acknowledge that neither party has been represented by a real estate broker, with respect to this transaction.

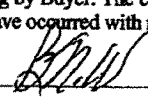
3.9 Closing Statement. Seller hereby authorizes and instructs Escrow Holder to release a copy of Seller's closing statement to Buyer, the purpose being to ascertain if any reimbursements are due Seller.

ARTICLE IV RIGHT OF ENTRY AND DAMAGE TO PROPERTY

4.1 Right of Entry. After the execution of this Agreement by the parties, and during the Contingency Period, Seller grants to Buyer, its agents, employees or nominees, the right to enter into and upon the Property for the purpose of conducting a Phase I Environmental Site Assessment (the "Phase I"), soil testing, environmental and engineering studies, and such further engineering, grading, archeological, geological or survey work as may be required by the Buyer. Buyer shall give Seller reasonable notice of such entry, and shall not unreasonably interfere with any occupant's use of the Property or any of Seller's other operations on the Property. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests. Buyer shall keep the Property free and clear of any liens or encumbrances that may arise out of Buyer's inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all such studies and work on the Property shall be at the sole cost and expense of, and shall be paid by, Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof. Should the Phase I studies identify issues that need to be remediated, the Seller must address those issues, subject to the right of Seller to terminate this agreement if Seller's are unwilling to pay the cost of any such issues.

4.2 Material Change, Destruction or Damage. Seller warrants that there shall be no material change in the condition of the Property prior to the Close of Escrow unless such change has been approved in writing by Buyer. The closing of this Escrow is contingent upon the fact that no material change shall have occurred with respect to the Property that has not been approved in


Seller's Initials


Buyer
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writing by Buyer. For purposes of this Agreement, a "material change" shall be a change in the status of the use, title, occupancy, or condition of the Property that occurs subsequent to the Effective Date of this Agreement. In the event there is a material change to the Property after the Effective Date, Buyer may elect to (i) pursue any and all remedies available at law or in equity in the event the material change is a default by Seller, (ii) terminate the Agreement and receive a refund of any earnest money, or (iii) proceed with the closing and purchase the Property with a credit against the Purchase Price otherwise due hereunder equal to the amount of any insurance proceeds actually collected by Seller prior to the Close of Escrow as a result of any such material change, plus the amount of any insurance deductible or any uninsured amount or retention. Seller shall maintain a casualty insurance policy with respect to the Property in full force and effect until the Close of Escrow.

ARTICLE V WAIVER AND RELEASE

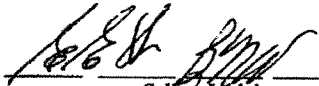
5.1 Acknowledgment of Full Benefits. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by the Buyer, and Seller hereby expressly and unconditionally waives any and all claims for damages or any other compensation or benefits, other than as already expressly provided for in this Agreement.

5.2 Acknowledgment of Just Compensation. Upon the Close of Escrow and except as provided in Section 2.2, the parties acknowledge and agree that the consideration paid to Seller shall be deemed the fair market value and total amount of "Just Compensation" for the Property. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby fully releases the Buyer, its successors, agents, representatives, and assigns, and all other persons and associations, known or unknown, from all claims and causes of action by reason of any damage which has been sustained, or may be sustained, as a result of the Buyer's efforts to acquire the Property or to construct works of improvement thereon, or any preliminary steps thereto.

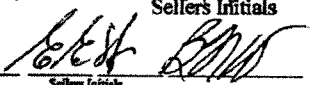
5.3 Waivers. Upon the Close of Escrow Seller waives the right to further and greater compensation and to have the adequacy of compensation determined in a court of law or equity, by a judge or a jury. Seller understands and knowingly agrees that this waiver shall extend to constitutional claims of whatever kind or nature that may be brought under the California and United States Constitutions and the federal civil rights statutes including, without limitation, claims arising under 42 U.S.C. Section 1983. Upon the Close of Escrow Seller further waives the right to raise affirmative defenses and to attack by way of answer, complaint or collaterally, the Buyer's right to acquire the property for public uses and purposes, and to challenge the findings made in any resolution of necessity.

5.4 Enforcement.

5.4.1 BUYER'S DEFAULT. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES AND SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER IN THE EVENT BUYER DEFAULTS HEREUNDER AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED. BUYER AND SELLER THEREFORE AGREE THAT A REASONABLE PRESENT ESTIMATE OF THE NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT OR BREACH HEREUNDER IS AN AMOUNT OF MONEY EQUAL TO THE DEPOSIT, WHICH SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.



Sellers Initials



Sellers Initials

Buyer

5.4.2 **SELLER'S DEFAULT.** IN THE EVENT OF A DEFAULT BY SELLER UNDER THIS AGREEMENT, THE BUYER MAY ELECT TO TERMINATE THIS AGREEMENT (WITHOUT WAIVER OF ANY OTHER RIGHTS AND REMEDIES AVAILABLE TO BUYER AT LAW OR IN EQUITY), IN WHICH EVENT ESCROW OR TITLE COSTS PAID BY THE BUYER, INCLUDING, WITHOUT LIMITATION, THE DEPOSIT, WILL BE REFUNDED AND REIMBURSED TO THE BUYER IMMEDIATELY BY ESCROW HOLDER, AND SELLER WILL PAY ANY ESCROW CANCELLATION FEES DUE TO ESCROW HOLDER; OR BUYER MAY PROCEED TO CLOSE THE ESCROW; AND BUYER WILL HAVE ALL OTHER RIGHTS AND REMEDIES AVAILABLE TO THE CONSERVANCY AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT.


Sellers Initials

Buyer

These acknowledgments, waivers and releases shall survive the Close of Escrow.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 **Seller Representations, Warranties and Covenants.** Each Individual Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

6.1.1 **Authority:** Each Individual Seller is the owner of the Property and has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Each Individual Seller's obligations hereunder. The person signing this Agreement and any documents and instruments in connection herewith on behalf of each Individual Seller has full power and authority to do so.

6.1.2 **Bankruptcy:** There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by each Individual Seller or filed by each Individual Seller, or to the best of each Individual Seller's knowledge, pending in any current judicial or administrative proceeding against each Individual Seller. Further, each Individual Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy proceeding.

6.1.3 **Other Agreements:** Each Individual Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

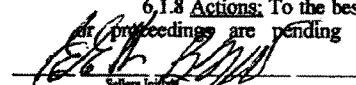
6.1.4 **Condition of Property:** Each Individual Seller has warrants and covenants that through the date possession is made available to Buyer, the Property shall be maintained in the same condition as upon the Effective Date.

6.1.5 **Violation of Codes:** Each Individual Seller has warrants that each Individual Seller has no knowledge of any notice of any violations of city, county, state, federal, building, zoning, fire, health codes or ordinances, or other governmental regulations filed or issued against the Property. Each Individual Seller further warrants that it has no knowledge of any aspect or condition of the Property which violates applicable laws rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency, or of any casualty insurance company that any work, investigation, remediation, repair, maintenance or improvement is to be performed on the Property.

6.1.6 **Maintenance of the Property:** Except as provided in other provisions hereof dealing with destruction, damage or loss, Seller shall maintain the Property until the Close of Escrow in the same condition as upon the Effective Date.

6.1.7 **Possessory Rights:** To the best knowledge of the Seller, no one will, at the Close of Escrow, have any right to possession of the Property superior to the right of the Buyer.

6.1.8 **Actions:** To the best of each Individual Seller's knowledge, no actions suits, or proceedings are pending or threatened before any governmental department,


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Buyer
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commission, board, bureau, agency, court, or instrumentality that would affect the Property.

6.1.9 Notice of Changes: Each Individual Seller shall promptly notify Buyer in writing of any material change affecting the Property that becomes known to each Individual Seller prior to the Close of Escrow.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Seller shall notify Buyer, in writing, of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VII BUYER'S REPRESENTATIONS AND WARRANTIES

7.1 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

7.1.1 Authority: Buyer is a non-profit conservation entity 501(c)(3) and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The persons signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so.

7.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VIII DEFAULT AND TERMINATION

8.1 Default. A party shall be deemed in default hereunder if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

8.2 Opportunity to Cure. No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) calendar days in the case of a non-monetary default, or five (5) calendar days in the case of a monetary default.

8.3 Termination upon Default. After notice and an opportunity to cure, if the defaulting party fails to cure the default, the non-defaulting party may terminate this acquisition by giving written notice to the defaulting party and the Escrow Holder. Upon receipt of the notice to terminate, the Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

8.4 Buyer's Termination. If Buyer exercises its rights under this Agreement to terminate this acquisition, Buyer shall provide written notice to the Seller and Escrow Holder. Upon receipt of said notice, Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

ARTICLE IX MUTUAL AGREEMENTS

9.1 Soil Inspection. At any time prior to the Contingency Date, Buyer shall have the right to obtain a soil report concerning the Property. Said report shall be obtained at Buyer's discretion and expense. Buyer shall indemnify and hold Seller harmless from any liability arising



Seller Initials

Buyer
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from Buyer's soils investigation and keep the property free from any liens, including mechanics liens, arising from persons or agents authorized to perform such soils investigation on behalf of Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests Buyer.

9.2 Other Agreements Affecting Property. Seller and Buyer have entered into this Agreement upon the belief that there are no other agreements, which will affect the Property beyond the Close of Escrow. If Seller determines that such agreements or exceptions exist which are not revealed herein, Seller shall provide Buyer with a copy immediately upon Seller's learning of its existence. Buyer may thereafter, prior to the Close of Escrow, either terminate this acquisition or modify the Purchase Price. After Close of Escrow, Seller shall be liable to Buyer for any damage or expense including attorney's fees and costs incurred by Buyer by reason of such undisclosed agreements. Seller shall further indemnify and defend Buyer as necessary so that Buyer may use the Property for the contemplated public use.

ARTICLE X HAZARDOUS SUBSTANCES

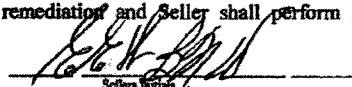
10.1 Hazardous Substances Disclosure. The Property is subject to a disclosure as designated under Section 25359.7 of the Health and Safety Code, whereby Seller is required to disclose if there are any hazardous substances, as defined in Health and Safety Code Section 25316, et seq., located on or beneath the property or adjacent thereto. It is understood and agreed between Buyer and Seller that closing of this Escrow is subject to and contingent upon receipt and approval of a written disclosure by Seller. Said review and approval will not be unreasonably withheld or delayed by Seller.

10.2 Hazardous Substances. Each Individual Seller represents and warrants that it does not have knowledge of the existence or prior existence of any hazardous substances on the Property. In addition, Seller has no actual knowledge of the existence or prior existence of any above or below ground storage tank or tanks on the Property.

10.3 Hazardous Substance Conditions Report. Buyer shall have the right to obtain a Hazardous Substance Conditions report(s) or other environmental studies concerning the Property and relevant adjoining properties. Such report(s) will be obtained at Buyer's discretion and expense. If Buyer elects to secure such reports, Buyer shall use reasonable diligence to obtain such a report on a timely basis. If Seller has such a report, they shall provide Buyer with a copy thereof. If Seller has knowledge of any hazardous substance condition report that was prepared by any other person or entity including any governmental agency, Seller shall inform Buyer of the existence of such a report and its location within fifteen (15) calendar days from the Effective Date. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests performed by Buyer

10.4 Hazardous Substances Defined. "Hazardous Substances" for purposes of this Agreement shall mean and refer to any (a) hazardous or toxic wastes, materials or substances or chemicals and other pollutants or contaminants which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted by judicial and administrative decisions) and laws, (b) asbestos, asbestos-containing materials or urea formaldehyde, (c) polychlorinated biphenyls, (d) flammable, explosive, corrosive or radioactive materials, (e) medical waste and biochemical, (f) gasoline, diesel, petroleum or petroleum by-products, (g) lead-based paint or (h) any substance set forth in Health and Safety Code Section 2530, et seq., or whose nature and/or quality of existence, use, manufacture or effect, render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substances Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property or a Hazardous Substance that would or could require remediation and/or removal under applicable federal, state or local law.

10.5 Hazardous Substances During Inspection Period. If conditions suggesting the presence of Hazardous Substances are discovered before the Contingency Date, Buyer may, within twenty (20) days of the discovery of such conditions, perform further tests to determine whether such Hazardous Substances constitute contamination. If, after such tests are completed, Buyer cannot determine whether such Hazardous Substances constitute contamination, or if remediation of Hazardous Substances is required, then, within ten (10) days of discovery of such, Buyer shall provide Seller written notice of said potential contamination or necessary remediation and Seller shall perform all necessary remediation. In the event that Seller is



Seller Initials

Buyer
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obligated to perform any remediation prior to the Contingency Date, the Contingency Date shall be extended on a day-to-day basis during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its option to extend the Close of Escrow date.

10.6 Hazardous Substances Discovered After Contingency Date. In the event that conditions suggesting the presence of Hazardous Substances (other than those discovered prior to the Contingency Date) Buyer may provide Seller written notice of said contamination or necessary remediation and Seller shall perform all necessary remediation, subject to the right of Seller to terminate this agreement if it disapproves the cost of any such remediation. In the event that Seller is obligated to perform such remediation and Seller does not elect to terminate this agreement, the Closing Date shall be extended on a day-to-day basis, during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its right to extend the Close of Escrow date.

ARTICLE XI MISCELLANEOUS

11.1 Exhibits. All Exhibits attached hereto are a part of this Agreement for all purposes and are incorporated herein.

11.2 Assignment. Seller shall not assign this Agreement nor any rights under this Agreement without the prior written consent of the Buyer. Buyer shall have the right to assign this Agreement and any rights hereunder at any time after the Contingency Date provided that Buyer shall pay any and all costs and expenses arising out of Buyer's assignment and Seller shall not incur any additional expenses or be obligated to provide any additional environmental reports affecting the Property. Buyer shall only assign this Agreement to a public agency or a non-profit organization for the overall long term purposes of conservation and recreation.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors, heirs, agents and permitted assigns.

11.4 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

11.5 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

11.6 Governing Law and Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of San Bernardino, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

11.7 Amendments. This Agreement may be amended or supplemented only by written documents signed by the parties.

11.8 Notices. All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally, by facsimile or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

Buyer

Seller

The Redlands Conservancy
PO Box 855
Redlands, CA 92373
Attn: Shirli Leonard

Ralph J. Thompson, Jr., Trustee
P.O. Box 1085
Redlands, CA 92373

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized


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overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

11.9 Entirety. This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

11.10 Severability. If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

11.11 Further Acts. In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

11.12 Construction. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

11.13 Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

11.14 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

11.15 Survival of Warranties. All of the warranties, representations, covenants and agreements of the parties hereto contained in this Agreement shall survive the Close of Escrow.

Buyer:

The Redlands Conservancy
A California non-profit public
benefit corporation

By: _____

Sellers:

Live Oak Associates, LLC
A California Limited Liability Company

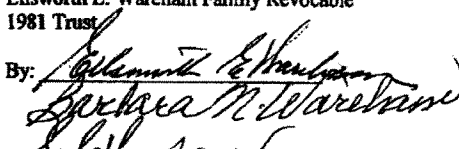
By: _____

Ralph and Carolyn Thompson Living Trust
dated June 30, 1982

By: _____
Ralph J. Thompson, Jr., Trustee

Ellsworth E. Wareham Family Revocable
1981 Trust

By: _____
Carolyn J. Thompson, Trustee

By: 


Sellers Initials

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into effective October 15, 2012 ("Effective Date"), by and between THE REDLANDS CONSERVANCY, a California non-profit public benefit corporation ("Buyer") and Live Oak Associates LLC, Ralph and Carolyn Thompson Living Trust dated June 30, 1982, Ellsworth E. Wareham Family Revocable 1981 Trust. In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

- 1.1 **Parties' Status.** Buyer is a California non-profit public benefit corporation with the power to acquire real and personal property.
- 1.2 **Seller's Ownership Interest.** Live Oak Associates LLC (60%), Ralph and Carolyn Thompson Living Trust dated June 30, 1982 (20%), Ellsworth E. Wareham Family Revocable 1981 Trust (20%) referred to herein collectively as "Seller" and as to each ownership interest as "Individual Seller".
- 1.3 **Property.** Seller owns certain real property consisting of approximately 172 acres of land located in Redlands, California, bearing Assessor Parcel Nos. 0300231-31, 0300-231-38, and 0300-241-15; ("Property"), more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.
- 1.4 **Incomplete Legal Description.** If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the Title Company (as defined in Section 2.5 below) to issue the Title Policy hereinafter described.
- 1.5 **Agreement of Purchase and Sale.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the considerations set forth in this Agreement, Seller's fee interest in the Property.
- 1.6 **Other Grants.** It is agreed that Seller, or its successors in interest, will not grant an interest in the Property, or any part thereof, including, but not limited to, a fee simple interest, easements, lease or any other conveyances and/or construct improvements or make changes upon or to the Property during the period between the Effective Date and the Close of Escrow, as such term is defined below.
- 1.7 **Possession.** Seller agrees that the Property will be available to Buyer and free from all tenancies and occupants upon the Close of Escrow.
- 1.8 **As Is.** Buyer is to purchase the Property "as is," that is, in its present condition, and except for those representations and warranties set forth in this Agreement, Seller makes no representations or warranties regarding the condition of the Property.
- 1.9 **Due Diligence.** On or before the date that is thirty-five (35) days from the Effective Date ("Contingency Date"), Buyer shall have the right to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, economic, financial, and accounting matters relating to or effecting the Property or its value, and the physical and environmental condition of the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the Property and proceed with this Agreement.
- 1.10 **Ratification.** On or before the Contingency Date, this Agreement is subject to the approval and ratification by the Buyer's Board of Directors. In the event the Buyer's Board of Directors fails to approve this Agreement: (i) there shall be no liability on the part of the Buyer; (ii) this Agreement shall become null and void and of no further force and effect; and (iii) Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

ARTICLE II

RSTJR *lga*

Sellers Initials

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PURCHASE PRICE, TITLE AND ESCROW

2.1 Purchase Price and Deposit. Buyer shall pay to the Seller the sum of two million, five hundred fifty two thousand, five hundred and no/100 Dollars (\$2,552,500.00) ("Purchase Price") for the Property. Within five (5) days of the Effective Date, Buyer shall deposit the sum of One Thousand Dollars (\$1,000.00) in Escrow (as defined below) (the "Deposit"). The Deposit shall be refundable until 11:59 p.m. Pacific Standard Time on the Contingency Date, and shall be applicable to the Purchase Price at the Close of Escrow. The Purchase Price shall represent full and complete compensation for all rights and interests being acquired herein by Buyer, including, without limitation, real property and such other compensation, damages and benefits, excluding those identified in Section 3.5 of this document. The Purchase Price, after application of the Deposit, shall be payable to Seller, upon the Close of Escrow, in immediately available funds in accordance with the provisions and requirements of this Agreement.

2.2 Land Transaction Costs

2.2.1 Sellers will pay, in accordance with their percentage interest in the Property, Redland's Conservancy One Hundred Two Thousand Dollars (\$102,100.00) ("Cost Reimbursement") out of escrow proceeds to reimburse Redland's Conservancy for some of the costs in acquiring the Property, which are over and above any costs of Buyer, which Buyer is required to pay under the provisions of this Agreement.

2.2.2 In the event that an Individual Seller believes that the Purchase Price for the Property is below fair market value at the time of closing, an Individual Seller may elect to make charitable contribution of land value to Buyer equal to all or a portion of the difference between the Purchase Price and fair market value of the interest of that Individual Seller. The Individual Seller may obtain a "qualified" appraisal as defined under the Internal Revenue Code and shall be responsible for compliance with all laws and rules of the IRS related to claiming the contribution. Buyer makes no representation to the electing Individual Seller as to the tax consequences of such an election. An electing Individual Seller will obtain independent tax counsel and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code and California Franchise Tax Board. At the electing Individual Seller's option and after Buyer purchases the Property, Buyer agrees to promptly complete Part IV (Donee Acknowledgement) of IRS Form 8233 (Non-cash Charitable Contributions) upon receipt of a completed Form 8283 from Seller (Part III, Declaration of Appraiser, may be completed upon return of Form from Buyer).

2.3 Escrow. Upon execution of this Agreement by the parties, Buyer shall open an escrow ("Escrow") with Chicago Title, San Bernardino, California, Dan Dulin, Title Officer for the purpose of consummating this Agreement. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.4 Conduct of Escrow. Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law, custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the State of California and the Internal Revenue Service.

2.5 Seller shall cause Chicago Title to prepare and shall be delivered to Buyer a Preliminary Title Report, setting forth all liens, encumbrances, easements, restrictions, conditions of record. Buyer shall, within thirty (30) days of receipt of the Preliminary Title Report, but in no case after the Contingency Date, to give written notice to Seller of any defects in or objection to the title so evidenced. Seller shall, within thirty (30) days of receipt of said notice ("Cure Period"), but in no case after the Contingency Date, clear the title of the defects and objections so specified. In the event Seller fails to clear the title of the defects and objections contained in Buyer's notice within the Cure Period, Buyer shall have the option exercisable by written notice to Seller to either (i) terminate the Agreement, or (ii) accept the Property subject to the defects and objections so stated. Buyer's failure to provide written notice to Seller shall be deemed a continuing disapproval of the condition of title.

RST, Jr. [Signature]
Sellers (acknowledged)

(b) Title conveyed to Buyer shall be free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following:

(1) Current property taxes,

(2) Covenants, conditions, restrictions, and public utility easements of record, if any, provided the same do not adversely affect the continued use of the property for the purposes for which it is presently being used, unless reasonably disapproved by Buyer in writing within Fifteen (15) calendar days of receipt of a current preliminary report, but in no case after the Contingency Date.

2.6. Condition of Title. Seller shall convey title to the Property to Buyer as evidenced by a CLTA Owner's standard form of Title Insurance (the "Title Policy") in an amount equal to the Purchase Price issued by Chicago Title (the "Title Company"). The title shall be conveyed and the Title Policy shall show title to the Property vested in the Buyer, subject only to the following matters affecting the conditions of title:

- a. A lien to secure payment of real property taxes and assessments, not delinquent;
- b. A lien of supplemental taxes with respect to periods after the Close of Escrow;
- c. The exceptions disclosed by the Preliminary Title Report which are approved by Buyer pursuant to this Agreement.

2.7. If a supplemental report is issued prior to the Close of Escrow which shows new matters, Buyer reserves the right to require any new matters removed from the Title Policy. Seller agrees to assist with the removal of the new matters.

2.8 Reports, Studies and Agreements. Within three (3) calendar days of the Effective Date, Seller shall provide Buyer with copies of any reports, studies, maps or agreements affecting the Property which the Seller have in their possession, including but not limited to geotechnical and soils reports, surveys, environmental reports, and other reports, studies, maps or agreements affecting the Property.

ARTICLE III CLOSING

3.1 Closing. Subject to the satisfaction of any contingencies described herein, Escrow Holder shall close this Escrow by recording the Grant Deed attached hereto as Exhibit "B", and by disbursing the funds and documents in accordance with this Agreement.

3.2 Closing Date. Escrow shall close on or before the date that is thirty-five (35) days from the Contingency Date ("Close of Escrow"), but in no case later than December 31, 2012, unless a notice to exercise the option to extend the Close of Escrow is timely received from Buyer, the Escrow will automatically be canceled.

3.3 Option to Extend Closing Date. Buyer shall have the option to extend the Close of Escrow up to and including April 1, 2013 by giving to Seller written notice prior to the end of the Contingency Period, of this election to extend the Close of Escrow. Upon giving the Notice to extend the Close of Escrow the purchase price provided in paragraph 2.1 shall be increased by the sum of One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00), which shall be payable Forty Thousand Dollars (\$40,000.00) to each seller.

3.4. Closing Documents.

3.4.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

- (a) The Grant Deed, duly executed and acknowledged; and
- (b) All additional documents, instruments and sums which may be reasonably necessary for the Close of Escrow and to consummate the sale

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Selling Parties

of the Property in accordance with the terms of this Agreement.

3.4.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

- (a) The Purchase Price; and
- (b) All additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.5 Mortgages and Deeds of Trust. Any and all monies payable under this Agreement, up to and including the total amount of unpaid principal and interest on any note secured by a mortgage or deed of trust, or other security instrument if any, shall, upon demand, be made payable to the mortgagee or beneficiary entitled thereunder; and such mortgagee or beneficiary shall be required to furnish Buyer with good and sufficient receipt showing said monies were credited against the indebtedness secured by said mortgage, deed of trust, or other security instrument. Escrow Holder shall notify the Title Company of such payments and secure and cause any necessary full or partial conveyances to be prepared, signed and recorded as required by the title company to eliminate any encumbrances or exceptions from the Title Policy issued pursuant to this Agreement.

3.6 Taxes, Title, and Escrow Costs. Buyer and Seller shall each pay one half of all costs for the Title Policy, all recording costs incurred herein, all reconveyance fees, trustees fees, or forwarding fees, and any prepayment charges for any full or partial reconveyance or full or partial release of any mortgage or deed of trust, and any escrow fees.

3.7 Prorations. All real property taxes and assessments encumbering the Property shall be prorated by Escrow Holder as of the Close of Escrow, based upon the latest available real property tax information. If after the Close of Escrow, the parties determine that the prorations by Escrow Holder were erroneous for any reason whatsoever, then they shall reprorate all real property taxes and assessments between themselves using the same formula used by Escrow Holder in making the prorations as of the Close of Escrow.

3.8 Brokerage Commissions. The parties acknowledge that neither party has been represented by a real estate broker, with respect to this transaction.

3.9 Closing Statement. Seller hereby authorizes and instructs Escrow Holder to release a copy of Seller's closing statement to Buyer, the purpose being to ascertain if any reimbursements are due Seller.

ARTICLE IV RIGHT OF ENTRY AND DAMAGE TO PROPERTY

4.1 Right of Entry. After the execution of this Agreement by the parties, and during the Contingency Period, Seller grants to Buyer, its agents, employees or nominees, the right to enter into and upon the Property for the purpose of conducting a Phase I Environmental Site Assessment (the "Phase I"), soil testing, environmental and engineering studies, and such further engineering, grading, archeological, geological or survey work as may be required by the Buyer. Buyer shall give Seller reasonable notice of such entry, and shall not unreasonably interfere with any occupant's use of the Property or any of Seller's other operations on the Property. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests. Buyer shall keep the Property free and clear of any liens or encumbrances that may arise out of Buyer's inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all such studies and work on the Property shall be at the sole cost and expense of, and shall be paid by, Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof. Should the Phase I studies identify issues that need to be remediated, the Seller must address those issues, subject to the right of Seller to terminate this agreement if Seller's are unwilling to pay the cost of any such issues.

4.2 Material Change, Destruction or Damage. Seller warrants that there shall be no material change in the condition of the Property prior to the Close of Escrow unless such change has been approved in writing by Buyer. The closing of this Escrow is contingent upon the fact that no material change shall have occurred with respect to the Property that has not been approved in

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writing by Buyer. For purposes of this Agreement, a "material change" shall be a change in the status of the use, title, occupancy, or condition of the Property that occurs subsequent to the Effective Date of this Agreement. In the event there is a material change to the Property after the Effective Date, Buyer may elect to (i) pursue any and all remedies available at law or in equity in the event the material change is a default by Seller, (ii) terminate the Agreement and receive a refund of any earnest money, or (iii) proceed with the closing and purchase the Property with a credit against the Purchase Price otherwise due hereunder equal to the amount of any insurance proceeds actually collected by Seller prior to the Close of Escrow as a result of any such material change, plus the amount of any insurance deductible or any uninsured amount or retention. Seller shall maintain a casualty insurance policy with respect to the Property in full force and effect until the Close of Escrow.

ARTICLE V WAIVER AND RELEASE

5.1 Acknowledgment of Full Benefits. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by the Buyer, and Seller hereby expressly and unconditionally waives any and all claims for damages or any other compensation or benefits, other than as already expressly provided for in this Agreement.

5.2 Acknowledgment of Just Compensation. Upon the Close of Escrow and except as provided in Section 2.2, the parties acknowledge and agree that the consideration paid to Seller shall be deemed the fair market value and total amount of "Just Compensation" for the Property. Upon the Close of Escrow, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby fully releases the Buyer, its successors, agents, representatives, and assigns, and all other persons and associations, known or unknown, from all claims and causes of action by reason of any damage which has been sustained, or may be sustained, as a result of the Buyer's efforts to acquire the Property or to construct works of improvement thereon, or any preliminary steps thereto.

5.3 Waivers. Upon the Close of Escrow Seller waives the right to further and greater compensation and to have the adequacy of compensation determined in a court of law or equity, by a judge or a jury. Seller understands and knowingly agrees that this waiver shall extend to constitutional claims of whatever kind or nature that may be brought under the California and United States Constitutions and the federal civil rights statutes including, without limitation, claims arising under 42 U.S.C. Section 1983. Upon the Close of Escrow Seller further waives the right to raise affirmative defenses and to attack by way of answer, complaint or collaterally, the Buyer's right to acquire the property for public uses and purposes, and to challenge the findings made in any resolution of necessity.

5.4 Enforcement.

5.4.1 BUYER'S DEFAULT. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES AND SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER IN THE EVENT BUYER DEFAULTS HEREUNDER AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED. BUYER AND SELLER THEREFORE AGREE THAT A REASONABLE PRESENT ESTIMATE OF THE NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT OR BREACH HEREUNDER IS AN AMOUNT OF MONEY EQUAL TO THE DEPOSIT, WHICH SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

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Buyer

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Sellers Initials

5.4.2 SELLER'S DEFAULT. IN THE EVENT OF A DEFAULT BY SELLER UNDER THIS AGREEMENT, THE BUYER MAY ELECT TO TERMINATE THIS AGREEMENT (WITHOUT WAIVER OF ANY OTHER RIGHTS AND REMEDIES AVAILABLE TO BUYER AT LAW OR IN EQUITY), IN WHICH EVENT ESCROW OR TITLE COSTS PAID BY THE BUYER, INCLUDING, WITHOUT LIMITATION, THE DEPOSIT, WILL BE REFUNDED AND REIMBURSED TO THE BUYER IMMEDIATELY BY ESCROW HOLDER, AND SELLER WILL PAY ANY ESCROW CANCELLATION FEES DUE TO ESCROW HOLDER; OR BUYER MAY PROCEED TO CLOSE THE ESCROW; AND BUYER WILL HAVE ALL OTHER RIGHTS AND REMEDIES AVAILABLE TO THE CONSERVANCY AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT.

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Sellers Initials

Buyer

These acknowledgments, waivers and releases shall survive the Close of Escrow.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 Seller Representations, Warranties and Covenants. Each Individual Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

6.1.1 Authority: Each Individual Seller is the owner of the Property and has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Each Individual Seller's obligations hereunder. The person signing this Agreement and any documents and instruments in connection herewith on behalf of each Individual Seller has full power and authority to do so.

6.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by each Individual Seller or filed by each Individual Seller, or to the best of each Individual Seller's knowledge, pending in any current judicial or administrative proceeding against each Individual Seller. Further, each Individual Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy proceeding.

6.1.3 Other Agreements: Each Individual Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

6.1.4 Condition of Property: Each Individual Seller has warrants and covenants that through the date possession is made available to Buyer, the Property shall be maintained in the same condition as upon the Effective Date.

6.1.5 Violation of Codes: Each Individual Seller has warrants that each Individual Seller has no knowledge of any notice of any violations of city, county, state, federal, building, zoning, fire, health codes or ordinances, or other governmental regulations filed or issued against the Property. Each Individual Seller further warrants that it has no knowledge of any aspect, or condition of the Property which violates applicable laws rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency, or of any casualty insurance company that any work, investigation, remediation, repair, maintenance or improvement is to be performed on the Property.

6.1.6 Maintenance of the Property: Except as provided in other provisions hereof dealing with destruction, damage or loss, Seller shall maintain the Property until the Close of Escrow in the same condition as upon the Effective Date.

6.1.7 Possessory Rights: To the best knowledge of the Seller, no one will, at the Close of Escrow, have any right to possession of the Property superior to the right of the Buyer.

6.1.8 Actions: To the best of each Individual Seller's knowledge, no actions suits, or proceedings are pending or threatened before any governmental department,

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commission, board, bureau, agency, court, or instrumentality that would affect the Property.

6.1.9 Notice of Changes: Each Individual Seller shall promptly notify Buyer in writing of any material change affecting the Property that becomes known to each Individual Seller prior to the Close of Escrow.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Seller shall notify Buyer, in writing, of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VII BUYER'S REPRESENTATIONS AND WARRANTIES

7.1 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

7.1.1 Authority: Buyer is a non-profit conservation entity 501(c)(3) and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The persons signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so.

7.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

ARTICLE VIII DEFAULT AND TERMINATION

8.1 Default. A party shall be deemed in default hereunder if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

8.2 Opportunity to Cure. No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) calendar days in the case of a non-monetary default, or five (5) calendar days in the case of a monetary default.

8.3 Termination upon Default. After notice and an opportunity to cure, if the defaulting party fails to cure the default, the non-defaulting party may terminate this acquisition by giving written notice to the defaulting party and the Escrow Holder. Upon receipt of the notice to terminate, the Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

8.4 Buyer's Termination. If Buyer exercises its rights under this Agreement to terminate this acquisition, Buyer shall provide written notice to the Seller and Escrow Holder. Upon receipt of said notice, Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

ARTICLE IX MUTUAL AGREEMENTS

9.1 Soil Inspection. At any time prior to the Contingency Date, Buyer shall have the right to obtain a soil report concerning the Property. Said report shall be obtained at Buyer's discretion and expense. Buyer shall indemnify and hold Seller harmless from any liability arising



Seller Initials

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from Buyer's soils investigation and keep the property free from any liens, including mechanics liens, arising from persons or agents authorized to perform such soils investigation on behalf of Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests Buyer.

9.2 Other Agreements Affecting Property. Seller and Buyer have entered into this Agreement upon the belief that there are no other agreements, which will affect the Property beyond the Close of Escrow. If Seller determines that such agreements or exceptions exist which are not revealed herein, Seller shall provide Buyer with a copy immediately upon Seller's learning of its existence. Buyer may thereafter, prior to the Close of Escrow, either terminate this acquisition or modify the Purchase Price. After Close of Escrow, Seller shall be liable to Buyer for any damage or expense including attorney's fees and costs incurred by Buyer by reason of such undisclosed agreements. Seller shall further indemnify and defend Buyer as necessary so that Buyer may use the Property for the contemplated public use.

ARTICLE X HAZARDOUS SUBSTANCES

10.1 Hazardous Substances Disclosure. The Property is subject to a disclosure as designated under Section 25359.7 of the Health and Safety Code, whereby Seller is required to disclose if there are any hazardous substances, as defined in Health and Safety Code Section 25316, et seq., located on or beneath the property or adjacent thereto. It is understood and agreed between Buyer and Seller that closing of this Escrow is subject to and contingent upon receipt and approval of a written disclosure by Seller. Said review and approval will not be unreasonably withheld or delayed by Seller.

10.2 Hazardous Substances. Each Individual Seller represents and warrants that it does not have knowledge of the existence or prior existence of any hazardous substances on the Property. In addition, Seller has no actual knowledge of the existence or prior existence of any above or below ground storage tank or tanks on the Property.

10.3 Hazardous Substance Conditions Report. Buyer shall have the right to obtain a Hazardous Substance Conditions report(s) or other environmental studies concerning the Property and relevant adjoining properties. Such report(s) will be obtained at Buyer's discretion and expense. If Buyer elects to secure such reports, Buyer shall use reasonable diligence to obtain such a report on a timely basis. If Seller has such a report, they shall provide Buyer with a copy thereof. If Seller has knowledge of any hazardous substance condition report that was prepared by any other person or entity including any governmental agency, Seller shall inform Buyer of the existence of such a report and its location within fifteen (15) calendar days from the Effective Date. Buyer shall restore the Property to substantially its same condition as it existed immediately prior to any such tests performed by Buyer.

10.4 Hazardous Substances Defined. "Hazardous Substances" for purposes of this Agreement shall mean and refer to any (a) hazardous or toxic wastes, materials or substances or chemicals and other pollutants or contaminants which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted by judicial and administrative decisions) and laws, (b) asbestos, asbestos-containing materials or urea formaldehyde, (c) polychlorinated biphenyls, (d) flammable, explosive, corrosive or radioactive materials, (e) medical waste and biochemical, (f) gasoline, diesel, petroleum or petroleum by-products, (g) lead-based paint or (h) any substance set forth in Health and Safety Code Section 2530, et seq., or whose nature and/or quality of existence, use, manufacture or effect, render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substances Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property or a Hazardous Substance that would or could require remediation and/or removal under applicable federal, state or local law.

10.5 Hazardous Substances During Inspection Period. If conditions suggesting the presence of Hazardous Substances are discovered before the Contingency Date, Buyer may, within twenty (20) days of the discovery of such conditions, perform further tests to determine whether such Hazardous Substances constitute contamination. If, after such tests are completed, Buyer cannot determine whether such Hazardous Substances constitute contamination, or if remediation of Hazardous Substances is required, then, within ten (10) days of discovery of such, Buyer shall provide Seller written notice of said potential contamination or necessary remediation and Seller shall perform all necessary remediation. In the event that Seller is

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obligated to perform any remediation prior to the Contingency Date, the Contingency Date shall be extended on a day-to-day basis during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its option to extend the Close of Escrow date.

10.6 Hazardous Substances Discovered After Contingency Date. In the event that conditions suggesting the presence of Hazardous Substances (other than those discovered prior to the Contingency Date) Buyer may provide Seller written notice of said contamination or necessary remediation and Seller shall perform all necessary remediation, subject to the right of Seller to terminate this agreement if it disapproves the cost of any such remediation. In the event that Seller is obligated to perform such remediation and Seller does not elect to terminate this agreement, the Closing Date shall be extended on a day-to-day basis, during the period of time that such remediation is being performed, but in no case beyond December 31, 2012, unless Buyer exercises its right to extend the Close of Escrow date.

ARTICLE XI MISCELLANEOUS

11.1 Exhibits. All Exhibits attached hereto are a part of this Agreement for all purposes and are incorporated herein.

11.2 Assignment. Seller shall not assign this Agreement nor any rights under this Agreement without the prior written consent of the Buyer. Buyer shall have the right to assign this Agreement and any rights hereunder at any time after the Contingency Date provided that Buyer shall pay any and all costs and expenses arising out of Buyer's assignment and Seller shall not incur any additional expenses or be obligated to provide any additional environmental reports affecting the Property. Buyer shall only assign this Agreement to a public agency or a non-profit organization for the overall long term purposes of conservation and recreation.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors, heirs, agents and permitted assigns.

11.4 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

11.5 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

11.6 Governing Law and Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of San Bernardino, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

11.7 Amendments. This Agreement may be amended or supplemented only by written documents signed by the parties.

11.8 Notices. All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally, by facsimile or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

Buyer

Seller

The Redlands Conservancy
PO Box 855
Redlands, CA 92373
Attn: Shirli Leonard

Ralph J. Thompson, Jr., Trustee
P.O. Box 1085
Redlands, CA 92373

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized

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Sellers Initials

overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

11.9 Entirety. This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

11.10 Severability. If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

11.11 Further Acts. In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

11.12 Construction. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

11.13 Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

11.14 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

11.15 Survival of Warranties. All of the warranties, representations, covenants and agreements of the parties hereto contained in this Agreement shall survive the Close of Escrow.

Buyer:

The Redlands Conservancy
A California non-profit public
benefit corporation

By: _____

Sellers:

Live Oak Associates, LLC
A California Limited Liability Company

By: _____

Ellsworth E. Wareham Family Revocable
1981 Trust

By: _____

Ralph and Carolyn Thompson Living Trust
dated June 30, 1982

By: Ralph J. Thompson, Jr., Trustee
Ralph J. Thompson, Jr., Trustee

By: Carolyn J. Thompson, Trustee
Carolyn J. Thompson, Trustee

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