

RECORDING REQUESTED
BY AND WHEN RECORDED
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LARRY WALKER
Auditor/Controller – Recorder

R Regular Mail

City Clerk's Office
City of Redlands
Post Office Box 3005
Redlands, California 92373

Doc#: 2003-0907192

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| Fees | 0.00 |
| Taxes | 0.00 |
| Other | 0.00 |
| PAID | \$0.00 |

**Fees Not Required
Per Government Code
Section 6103**

DEVELOPMENT AGREEMENT NO. 17

BETWEEN

CITY OF REDLANDS

AND

REDLANDS HEALTH SERVICES, A CALIFORNIA CORPORATION

AND

AV ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP

(Ordinance No. 2564)

DEVELOPMENT AGREEMENT

This Development Agreement (hereinafter "Agreement") is entered into effective on the date it is recorded with the San Bernardino County Recorder (hereinafter the "Effective Date") by and between (1) the CITY OF REDLANDS (hereinafter the "CITY"), and (2) REDLANDS HEALTH SERVICES, a California corporation, and AV ASSOCIATES, a California limited partnership (collectively referred to hereinafter as "RHS").

RECITALS

WHEREAS, CITY is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, pursuant to Section 65864 et seq. of the Government Code; and,

WHEREAS, CITY has adopted rules and regulations for consideration of development agreements, pursuant to Section 65865 of the Government Code; and,

WHEREAS, RHS has a legal or equitable interest in certain real property and may acquire a legal or equitable interest in certain additional real property (the "Property" as hereinafter defined) located in the CITY; and,

WHEREAS, RHS may desire additions or modifications to certain of its facilities and improvements in response to legal, demographic, economic and technological changes; and,

WHEREAS, RHS has requested CITY to enter into a development agreement and proceedings have been taken in accordance with Section 65864 et seq. of the Government Code and the rules and regulations of CITY; and,

WHEREAS, by electing to enter into this Agreement, CITY shall bind future City Councils of CITY by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of CITY; and,

WHEREAS, the assurances provided by this Agreement are necessary in order to provide the certainty which will allow RHS to make the long-term commitments involved in expanding its facilities and operations in the CITY; and,

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by CITY, its Planning Commission and City Council and have been found to be fair, just and reasonable; and,

WHEREAS, all of the procedures of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) have been met with respect to this Agreement; and,

WHEREAS, this Agreement is consistent with the CITY's General Plan; and,

WHEREAS, all actions taken and approvals given by the CITY have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and,

WHEREAS, appropriate development and modification of the Property and implementation of RHS' future plans for the Property in accordance with this Agreement will provide substantial benefits to the CITY and will further important policies and goals of the CITY; and,

WHEREAS, this Agreement will eliminate uncertainty in planning and implementation of RHS' approvals for development or modification of the Property pursuant to its future plans, and generally serve the purposes for which development agreements under Sections 65864, et seq. of the Government Code are intended; and,

WHEREAS, RHS has incurred and will in the future incur substantial costs in order to assure further development of the Property in accordance with this Agreement; and,

WHEREAS, the Planning Commission of the CITY has considered this Agreement after a duly-noticed public hearing and has made written findings and recommended its adoption to the City Council; and,

WHEREAS, the City Council has reviewed and hereby approves the provisions of this Agreement, adopts the findings of the Planning Commission, and further finds that this Agreement is in conformance with the CITY's General Plan and that its implementation is in the best interests of the CITY and the health, safety and welfare of its residents.

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

OPERATIVE PROVISIONS

1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "CITY" means the City of Redlands, a municipal corporation organized and existing under the laws of the State of California.

1.1.3 "Development," "development," and "develop" mean the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the Project including, but not limited to: grading; the construction of infrastructure and public facilities related to the Project whether located within or outside the Property; the construction, demolition, reconstruction and redevelopment of buildings and structures; and the installation of landscaping.

1.1.4 “Development Agreement Regulations” means the regulations adopted by the CITY pursuant to Section 65865 of the Government Code establishing procedures and requirements for the consideration of development agreements which are contained in Chapter 18.220 of the Redlands Municipal Code.

1.1.5 “Development Approvals” means all permits and other entitlements for use subject to approval or issuance by the CITY in connection with development of the Property including, but not limited to:

- (a) Conditional use permits, site plans and variances;
- (b) Tentative and final subdivision and parcel maps, if any;
- (c) Grading and building permits; and,
- (d) Occupancy permits.

1.1.6 “Development Exaction” means any requirement of the CITY in connection with or pursuant to any Land Use Regulation or Development Approval for the dedication of land, the construction of public improvements or public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of development on the environment or other public interests.

1.1.7 “Development Plan” means the plan and intent of RHS concerning the existing and future development, expansion, improvement, construction and use of the Property under the Existing Land Use Regulations to further the mission of Asistencia Villa, a licensed Skilled Nursing Facility, including, without limitation, provision for additional treatment and rehabilitation services, additional skilled nursing beds and services, extended care beds and services, sub-acute beds and services, adult day-care services, assisted living beds and services, and other medical treatment and office facilities and services related or incidental thereto.

1.1.8 “Effective Date” means the date this Agreement is recorded with the San Bernardino County Recorder.

1.1.9 “Existing Land Use Regulations” means all Land Use Regulations in effect on the Effective Date.

1.1.10 “Land Use Regulations” means all ordinances, resolutions, codes, rules, regulations and official policies of the CITY governing the development, improvement and use of land, including, without limitation: the permitted use of land; the density or intensity of use; subdivision requirements; the maximum height and size of proposed buildings; Development Exactions; regulations regarding the rate, time or sequence of development; and the design, improvement and construction standards and specifications applicable to the development of the Property. “Land Use Regulations” includes, without limitation, any CITY ordinance or regulation adopted by initiative or referendum.

1.1.11 “Mortgagee” means a mortgagee of a mortgage, a beneficiary under a deed of trust, or any other secured lender, and their successors and assigns.

1.1.12 “Project” means the development of the Property as provided by the Development Plan as such Development Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.13 "Property" means the real property described on Exhibit "A" in which RHS (or either of them) has a legal or equitable interest at the time of final adoption of the ordinance approving this Agreement.

1.1.14 "RHS" means Redlands Health Services, a California corporation, AV Associates, a California limited partnership, and their successors in interest to all or any part of the Property.

1.1.15 "Subsequent Development Approvals" means all Development Approvals required subsequent to the Effective Date in connection with development of the Property.

1.1.16 "Subsequent Land Use Regulations" means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit "A" - Legal Description of the Property.

Exhibit "B" - Map showing Property and its location.

2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property is hereby authorized and shall be carried out in accordance with the terms of this Agreement.

2.2 Ownership of Property. RHS represents and covenants that it is the owner of a legal or equitable interest in the Property.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of thirty (30) years thereafter unless this term is modified, extended or terminated pursuant to the provisions of this Agreement.

2.4 Assignment. RHS shall have the right to sell, assign or transfer the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410 et seq.) to any person, partnership, joint venture, limited liability company, firm or corporation at any time during the term of this Agreement. Any such sale, assignment or transfer may include the assignment of those rights, duties and obligations arising under or from this Agreement which are applicable to the Property or part thereof being assigned, transferred or sold. No sale, transfer, or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer, or assignment of all or a part of the Property. The express written assumption of any or all of the obligations of RHS under this Agreement by such assignee, transferee or purchaser shall relieve RHS of its legal duty to perform such obligations under this Agreement. Any purchaser, assignee or transferee of RHS shall have all of the rights, duties and obligations of RHS under this Agreement insofar as such rights, duties and obligations are applicable to the Property or part thereof purchased, assigned or transferred.

2.5 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only by written consent of all parties in the manner provided for in Government Code Section 65868. This provision shall not limit any remedy of the CITY or RHS as provided by this Agreement.

2.6 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

- (a) Expiration of the stated term of this Agreement as set forth in Section 2.3.
- (b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement or otherwise invalidating this Agreement.
- (c) The adoption of a referendum measure repealing the ordinance approving this Agreement.

Termination of this Agreement shall not affect or constitute termination of any other Development Approvals approved for the Property.

2.7 Notices.

(a) As used in this Agreement, notice includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person to the recipient named below; or (ii) on the date of delivery shown on the return receipt after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below; or (iii) on the date of delivery after transmission by electronically confirmed facsimile to the recipient named below. All notices shall be addressed as follows:

If to the CITY: City of Redlands
 35 Cajon Street
 P.O. Box 3005
 Redlands, California 92373
 Fax: (909) 798-7510
 Attention: City Manager

With a copy to: City of Redlands
 35 Cajon Street
 P.O. Box 3005
 Redlands, California 92373
 Fax: (909) 798-7595
 Attention: City Attorney

If to RHS: Redlands Health Services
350 Terracina Blvd., P.O. Box 3391
Redlands, CA 92373
Fax: (909) 335-6497
Attention: President

With a copy to: McPeters McAlearney Shimoff & Hatt
A Professional Corporation
4 W. Redlands Blvd, 2nd Floor
P.O. Box 2084
Redlands, CA 92373
Fax: (909) 792-6234
Attention: James R. Harper, Esq.

(c) Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of a party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. RHS shall have a vested right to develop the Property in accordance with, and to the maximum extent provided in, the Development Plan. Specifically, RHS shall have a vested right to develop the Property to the maximum extent allowed under the zoning applicable to the Property (including as such zoning may be modified from time to time under Section 3.5 below, and/or to each portion thereof, as the case may be) to further the mission of Asistencia Villa, a licensed Skilled Nursing Facility, under the Existing Land Use Regulations, including, without limitation, provision for additional treatment and rehabilitation services, additional skilled nursing beds and services, extended care beds and services, sub-acute beds and services, adult day-care services, assisted living beds and services, and other medical treatment and office facilities and services related or incidental thereto, provided that the development standards and performance standards of each such zone under Existing Land Use Regulations are satisfied. Except as otherwise provided in this Agreement, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, provisions for reservation and dedication of land for public purposes and construction standards and specifications applicable to development of the Property shall be consistent with the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement, the Land Use Regulations applicable to development of the Property shall be the Existing Land Use Regulations, and no Subsequent Land Use Regulation shall be applicable to the Project. If there is any conflict between any Existing Land Use Regulation and any other provision of this Agreement, such other provision of this Agreement shall be controlling.

3.3 Phasing and Timing of Development. The parties acknowledge that, although RHS may add improvements and develop the Project in various phases, RHS cannot at this time predict when or the rate at which the Project or any phases thereof will be developed. Such decisions depend upon numerous factors that are not within the control of RHS, such as legal, demographic, economic, technological, insurance, functionality of existing facilities, and other similar factors. Since the California Supreme Court held in Pardee Construction

Co. v. City of Camarillo (1984) 37 Cal.3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that RHS shall have the right to develop the Property in such phases and increments and in such order and at such rate and at such times as RHS deems appropriate within the exercise of its subjective business judgment. In the event any Subsequent Land Use Regulation is enacted which relates to the rate, timing or sequencing of development of property within the CITY, CITY agrees that such Subsequent Land Use Regulation shall not apply to the Project. In addition to and not in limitation of the foregoing, the CITY agrees that no moratorium or other limitation affecting subdivision maps, building permits or other entitlements for use within the CITY or any part of the CITY shall apply to the Project.

3.4 Duration of Development Approvals. Notwithstanding any provision of the Existing Land Use Regulations, all Development Approvals shall remain valid and effective for all purposes during the term of this Agreement unless RHS consents in writing to earlier termination.

3.5 Subsequent Development Approvals Implementing the Development Plan. Completion of development in accordance with the Development Plan may require the approval and issuance by the CITY of Subsequent Development Approvals, including without limitation zone changes, grading permits, building permits, and occupancy permits. CITY acknowledges and agrees that all such Subsequent Development Approvals required to implement and complete development in accordance with the Development Plan shall be approved consistent with the vested rights granted to RHS by this Agreement. In acting on such Subsequent Development Approvals, CITY shall act promptly, reasonably and in accordance with the Development Plan. No later than thirty (30) days after receipt of an application for any Subsequent Development Approval, the CITY shall notify RHS in writing whether the application is complete, specifying any information required to make the application complete. Whenever an application for a Subsequent Development Approval does not require an environmental impact report under the California Environmental Quality Act, Public Resources Code Section 21000 et seq. ("CEQA"), the CITY shall approve and issue any such Subsequent Development Approval within one hundred five (105) days after the CITY accepts an application therefor as complete, provided such application complies with the Development Plan. When an application for a Subsequent Development Approval requires an environmental impact report under CEQA, the CITY shall approve and issue any such Subsequent Development Approval within one (1) year after the CITY accepts an application therefor as complete, provided such application complies with the Development Plan.

3.6 Changes and Amendments to Existing Development Approvals. The parties acknowledge that refinement and further development of the Project may require Subsequent Development Approvals which change the Development Plan. In the event RHS finds that a change in the Development Plan is necessary or appropriate, RHS shall apply for a Subsequent Development Approval to effectuate such change and CITY shall promptly process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement. If approved, any such change in the Development Plan shall be deemed incorporated herein, and may be further changed from time to time as provided in this Section. Unless otherwise required by law, a change to the Development Plan shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

- (a) Alter the permitted uses of the Property as a whole; or,
- (b) Materially increase the density or intensity of use of the Property as a whole; or,
- (c) Increase the maximum height and size of permitted buildings.

3.7 Reservations of Authority. Notwithstanding any other provision of this Agreement, the following Subsequent Land Use Regulations shall apply to the development of the Property:

(a) Generally applicable processing fees and charges imposed by the CITY to cover the actual costs to the CITY of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued. Such processing fees and charges shall not exceed the reasonable estimated costs of providing such services.

(b) Regulations which are not in conflict with the Development Plan. Any Land Use Regulation which increases the costs of development (except for development fees imposed as provided by this Agreement) and any Land Use Regulation, whether adopted by initiative or otherwise, limiting the rate or timing or sequencing of development of the Property shall be deemed to conflict with the Development Plan and shall therefore not be applicable to the development of the Property.

(c) Regulations which are in conflict with the Development Plan provided RHS has given written consent to the application of such regulations to development of the Property.

(d) Development fees imposed on City approval of a "development project," as defined by Government Code Section 66000 et seq., and necessary to cover 100% of such development's pro rata share of the cost of any public infrastructure or facility required as a result of City approval of such "development project".

3.8 Development Exactions. All Development Exactions currently applicable to the Project are included in the Development Plan. CITY shall not impose any Development Exaction on development in accordance with the Development Plan except as set forth therein or as authorized under subsection (d) of Section 3.7 above. RHS may challenge any Development Exaction by appropriate judicial action.

3.9 Regulation by Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of the CITY possess authority to regulate aspects of the development of the Property separately from or jointly with the CITY and this Agreement does not limit the authority of such other public agencies. CITY shall support any application by RHS to any other public agency for any permit or approval which is required for the Project. Within fifteen (15) days of any request, the CITY shall provide to RHS or to such other public agencies information possessed by CITY and necessary for processing such applications.

3.10 Assessment District or Other Financing. RHS may, at its sole election, request that the CITY initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping and Lighting Act of 1972, the Mello-Roos Community Facilities Act of 1982, or any and all other available financing mechanisms to provide public financing for all or parts of the Project and/or public improvements relating thereto. If so requested by RHS, the CITY shall cooperate with RHS and use the CITY'S best efforts in taking all necessary steps to cause the applicable district or other entity to be formed and to issue bonds for such purposes.

3.11 Mitigation Measures. In accordance with Section 18.220.070(B) of the Redlands Municipal Code, and the Mitigated Negative Declaration prepared for this Development Agreement by the City as Lead Agency pursuant to the California Environmental Quality Act (Public Resources Code Sections 21000, et seq.), RHS shall comply with the following mitigation measures on any subsequent expansion of the Asistencia Villa:

(a) To mitigate the potential impacts identified in Section I(d) of the Environmental Checklist, RHS shall prepare and submit a security lighting plan prior to the issuance of building permits and subject to review and approval by the CITY's Community Development Director. In addition, the plan must include details such as beam spreads and/or photometric calculations, location and type of fixtures, exterior colors, details on the foundation, and arrangement of exterior lighting to ensure that no outdoor lighting will create glare or hazardous interference to adjacent streets or properties. In no instance shall illumination exceed ½ foot candle at the property lines of the site;

(b) To mitigate the potential impacts identified in Section III(d) of the Environmental Checklist relative to short term impacts to ambient air quality from fugitive dust generation during construction of the project, RHS shall perform on-site daily watering;

(c) To mitigate the potential impacts identified in Section VIII(a) of the Environmental Checklist, RHS shall be required to comply with all requirements of the NPDES permit issued by the Santa Ana Regional Water Quality Control Board; and

(d) To mitigate the potential short term impacts identified in Section XI(a)(d) of the Environmental Checklist relative to the increase in ambient noise levels in the early morning and evening hours during construction activities, all grading and construction activities shall be limited to the hours from 7:00 a.m. to 6:00 p.m., Monday through Friday and prohibited on weekends and Federal holidays.

4. CONFLICTS OF LAW.

4.1 Conflict with State or Federal Laws or Action of Other Governmental Jurisdiction. In the event that State or Federal laws or regulations, enacted after the Effective Date of this Agreement or the action by any governmental jurisdiction other than the CITY, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations or non-City governmental action; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws, regulations or non-City governmental action and to the extent such laws, regulations or non-City governmental action do not render such remaining provisions impractical to enforce.

4.2 Notice. Any party which determines that it cannot perform any act authorized or required by this Agreement due to a conflict described in Section 4.1 shall, within fifteen (15) days of making such determination, provide all other parties with written notice stating the conflict with the provisions of this Agreement.

4.3 Modification Conference. The parties shall, within thirty (30) days after notice is provided in Section 4.2, hereof, meet and confer in good faith in a reasonable attempt to modify this Agreement to comply with such law, regulation or non-City governmental action.

4.4 City Council Hearing. Within thirty (30) days after the modification conference, regardless of whether the parties reach an agreement on the effect of such law or regulation upon this Agreement, the matter shall be scheduled for hearing before the City Council. Notice of such hearing shall be given pursuant to Sections 65090 and 65091 of the Government Code. The City Council, at such hearing, shall consider the exact modification or suspension which shall be necessitated by such law, regulation or non-City governmental action. RHS shall have the right to offer oral and written testimony at the hearing. No modification or suspension of this Agreement shall be effective unless approved by the affirmative vote of not less than a majority of the authorized voting members of the City Council and by RHS.

4.5 Cooperation in Securing Permits or Approvals. CITY shall use its best efforts to assist RHS in the timely securing of any permits or approvals which may be required as a result of such modifications to, or suspensions of, all or any part of this Agreement.

4.6 Challenge Regarding New Law or Regulation. RHS or the CITY shall have the right to challenge by appropriate judicial proceedings any such new law, regulation or non-City governmental action preventing compliance with the terms of this Agreement. In the event that such challenge is successful, this Agreement shall remain unmodified and in full force and effect.

5. LIMITATION ON NEW GENERAL TAXES AND SPECIAL TAXES.

During the term of this Agreement, the CITY shall not levy or collect any new general tax or special tax on the Property or any business conducted on the Property. New general taxes and new special taxes, as used in this Section, shall include any general tax or special tax which had not been adopted and become effective prior to the Effective Date of this Agreement. RHS shall be entitled to an exemption from any such new general tax or new special tax or shall be entitled to a credit equal to the full amount otherwise payable as such new general tax or new special tax. The limitations of this Section shall not prevent the CITY from levying or collecting any lawfully adopted increase in any general tax or special tax applicable to the Property or businesses conducted on the Property on the Effective Date, provided such increase is generally applicable throughout the CITY and does not discriminate against the Property or any business conducted on the Property.

6. RESTRICTION ON SPECIAL DISTRICTS.

During the term of this Agreement, no assessment district or special tax district, including all or any part of the Property, will be created by the CITY or any agency or instrumentality of the CITY, nor shall all or any part of the Property be annexed to any existing assessment district or special tax district, unless RHS agrees in writing to such creation or annexation and the terms and conditions of any assessments or special taxes to be levied thereunder.

7. ANNUAL REVIEW.

7.1 Procedure. CITY shall, every twelve (12) months during the term of this Agreement, review the extent of good faith compliance by RHS with the terms of this Agreement in accordance with Government Code Section 65865.1 and the Development Agreement Regulations and as further provided in this Section. RHS shall have the duty to demonstrate its good faith substantial compliance with the terms of this Agreement at such annual review. RHS shall furnish such evidence of good faith compliance as the CITY in the exercise of its reasonable discretion may require. Either party may address any requirements of this Agreement during the review. However, ten (10) days' written notice of any requirement to be addressed shall be made by the requesting party. If at the time of review an issue not previously identified in writing is required to be addressed, the review at the request of either party shall be continued to afford sufficient time for analysis and preparation. CITY shall not terminate or modify this Agreement except upon substantial evidence showing a failure of RHS to perform a material duty or obligation under this Agreement which has not been cured by RHS as provided under Section 9.1 of this Agreement. In the event this Agreement is terminated pursuant to this Section or any other provision of law, all rights of RHS under this Agreement shall terminate; provided, however, all rights of RHS under any other Development Approval, the Existing Land Use Regulations and any development permit or approval issued or granted by any other governmental agency shall not be affected or diminished in any way by such termination of this Agreement.

7.2 Information to Be Provided RHS. CITY shall deposit in the mail to RHS a copy of all staff reports, exhibits and other evidence concerning performance of this Agreement a minimum of ten (10) calendar days prior to any such review or action upon this Agreement by the Director of Community Development, Planning Commission or the City Council.

7.3 Failure to Perform Periodic Review. The failure of the CITY to review at least annually RHS' compliance with the terms and conditions of this Agreement shall not constitute or be asserted by either party as a breach by the other party of this Agreement.

8. ESTOPPEL CERTIFICATES.

Either party may at any time, and from time to time, deliver written notice to the other party requesting that the other party certify in writing that to the knowledge of the certifying party:

(a) This Agreement is in full force and effect and is a binding obligation of the parties.

(b) This Agreement has not been amended or modified and, if so amended, identifying the amendments.

(c) No default in the performance of the requesting party's obligations under this Agreement exists or, if in default, the nature and extent of any default.

A party receiving a request hereunder shall execute and return the certificate within fifteen (15) days following receipt thereof. The City Manager shall have the right to execute any certificate requested by RHS on behalf of the CITY.

9. DEFAULT AND REMEDIES.

9.1 General Provisions. Subject to extensions of time by mutual consent in writing, or as otherwise provided herein, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. In the event of default under this Agreement or any of its terms or conditions, the party alleging such default shall give the alleged defaulting party not less than thirty (30) days notice in writing, specifying in detail the nature of the alleged default and, when appropriate, the manner in which that default may be satisfactorily cured. During any such thirty (30) day cure period, the party charged shall not be considered in default for purposes of termination or the institution of legal proceedings.

After proper notice and expiration of said thirty (30) day cure period without cure, or if such cure cannot be completed within such thirty (30) day period, without commencement of cure within such period and diligent effort to effect cure thereafter, the other party to this Agreement, at its option, may institute legal proceedings to enforce this Agreement or give notice of termination of this Agreement.

Failure or delay in giving notice of default pursuant to this Section 9.1 shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

9.2 Cumulative Remedies. Each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement. Any party may initiate any judicial action or proceeding to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of this Agreement, including without limitation actions or proceedings requesting declaratory relief, specific performance and relief in the nature of mandamus. All remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of the remedies shall not constitute a waiver or election with respect to any other available remedy. The parties acknowledge and agree that specific performance and other non-monetary relief are appropriate remedies for the enforcement of this Agreement and shall be available to all parties.

9.3 Attorneys' Fees and Costs. In any action or proceeding brought by any party to interpret or enforce any provision of this Agreement, or otherwise arising under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees (including reasonable in-house counsel fees of the CITY or RHS at private rates prevailing in San Bernardino County) and all costs, expenses and disbursements in connection with such action or proceeding, including the cost of reasonable investigation, preparation and professional expert consultation and arbitration fees and costs, which sums may be included in any judgment or decree entered in such action in favor of the prevailing party.

10. MORTGAGEE PROTECTION.

The parties hereto agree that this Agreement shall not prevent or limit RHS, in any manner, at RHS' sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. CITY acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with RHS and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. CITY will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the CITY in the manner specified herein for giving notices, shall be entitled to receive written notification from CITY of any default by RHS in the performance of RHS' obligations under this Agreement.

(c) If CITY timely receives a request from a Mortgagee requesting a copy of any notice of default given to RHS under the terms of this Agreement, the CITY shall provide a copy of that notice to the Mortgagee concurrently with the sending of notice of default to RHS. The Mortgagee shall have the right, but not the obligation, to cure, or to commence to cure, the default during the cure period allowed RHS under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of RHS' obligations or other affirmative covenants of RHS hereunder, or to guarantee such performance; provided,

however, that to the extent that any covenant to be performed by RHS is a condition precedent to the performance of a covenant by the CITY, the performance thereof shall continue to be a condition precedent to CITY'S performance hereunder.

11. MISCELLANEOUS PROVISIONS.

11.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the San Bernardino County Recorder by the City Clerk within the period required by Section 65868.5 of the Government Code.

11.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

11.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect unless amended by mutual written consent of the parties.

11.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

11.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

11.6 Rules of Construction. As used herein, the singular of any word includes the plural and the masculine gender includes the feminine.

11.7 Consent. Where a consent or approval of a party is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld.

11.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

11.9 Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a representative of the party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event.

11.10 No Third-Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

11.11 Force Majeure. Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the party's control, (including the party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the party's control. If any such events shall occur, the time for performance by either party of any of its obligations hereunder shall be extended by the parties for the period of time that such events prevented such performance.

11.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest and assigns of the parties to this Agreement.

11.14 Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.15 Project as a Private Undertaking. It is understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the CITY and RHS is that of a government entity regulating the development of private property and the owner of such property.

11.16 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

11.17 Covenant of Good Faith and Fair Dealing. Neither party shall do anything which shall have the effect of harming or injuring the right of the other party to receive the benefits of this Agreement. Each party shall refrain from doing anything which would render its performance under this Agreement impossible or impracticable. Each party shall do everything which this Agreement contemplates that such party shall do to accomplish the objectives and purposes of this Agreement.

11.18 Integrated Project. CITY acknowledges and agrees, by executing this Agreement for the Project as a whole, that the Project is and shall be considered a single, integrated development project and that each component of the Project is dependent upon the completion and occupancy of each other component, and that the viability of each component of the Project is and shall be dependent upon the completion and occupancy of each other component and the full performance of this Agreement.

11.19 Authority to Execute.

11.19.1 CITY. By the execution hereof, CITY confirms and acknowledges that CITY, acting through its City Council and the City Planning Commission, have complied in full with the requirements of Section 65864 et seq. of the Government Code and the Development Agreement Regulations for public hearing and the giving of notice of intention to consider adoption of this Agreement, and that this Agreement has been approved by ordinance as required by Section 65867.5 of the Government Code. CITY warrants and represents that the CITY has given all notices, held all hearings and complied with all other legal requirements and procedures required to make this Agreement a valid and binding agreement.

11.19.2 RHS. Persons executing this Agreement on behalf of RHS warrant and represent that they have the authority to execute this Agreement and represent that they have the authority to bind RHS to the performance of its obligations hereunder.

11.20 No Conflict with Current Law. CITY represents that there are no rules, regulations, ordinances or policies of the CITY as of the date of execution of this Agreement that would interfere with the completion or use of the Project.

11.21 Indemnification. If any claim, action, or proceeding is filed against the CITY or its agents, officers or employees to attach, set aside, void or annul, the approval by the CITY of this Agreement, RHS shall defend (with attorneys selected and directed by RHS), indemnify and hold harmless CITY and its agents, officers and employees. CITY shall promptly notify RHS of any such claim, action or proceeding, and shall cooperate fully in the defense. If CITY fails to promptly notify RHS of such claim, action or proceeding or if CITY fails to cooperate fully in the defense, RHS shall not thereafter be responsible to defend, indemnify or hold harmless CITY. Nothing contained in this Section prohibits CITY from participating in the defense of any such claim, action or proceeding provided the CITY bears its own attorneys' fees and costs and defends in good faith. RHS shall not be required to pay or perform any settlement of any such claim, action or proceeding unless the settlement is approved by RHS.

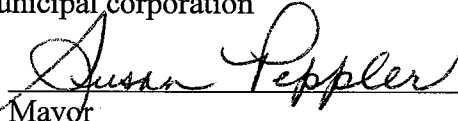
11.22 Liability Insurance. In addition to its obligations under the provisions of Section 11.21, RHS agrees that any policy of liability insurance (which policy may include coverage of bodily injury liability and property damage liability) which RHS maintains in force with respect to the construction of the Project shall contain an additional insured endorsement naming CITY, its elected officials, officers, agents and employees as additional insureds. Such insurance shall be primary and non-contributing with respect to any insurance or self-insurance maintained by the CITY. Coverage shall be evidenced by a Certificate of Insurance in a form satisfactory to CITY, which shall be delivered to CITY prior to the commencement by RHS of any construction on the Property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

CITY:

CITY OF REDLANDS,
a municipal corporation

Dated: December 2, 2003

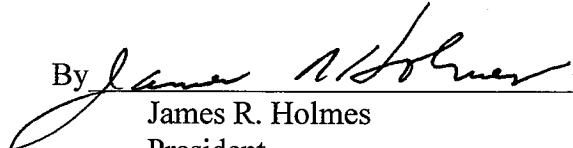
By: 
Mayor

ATTEST:

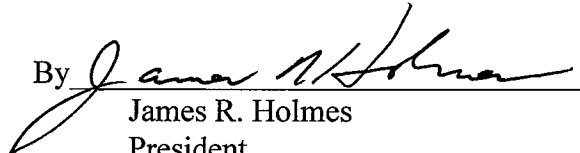
By: 
CITY CLERK, CITY OF REDLANDS

RHS:

REDLANDS HEALTH SERVICES,
a California corporation

By: 
James R. Holmes
President

AV ASSOCIATES,
a California limited partnership
By: Redlands Health Services,
a California corporation
Its General Partner

By: 
James R. Holmes
President

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF REDLANDS)

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on December 2, 2003, before me, Beatrice Sanchez, Deputy City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Susan Pepler and Lorrie Poyzer { X } personally known to me - or - { } proved to me on the basis of satisfactory evidence to be the persons whose names) are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

LORRIE POYZER, CITY CLERK



By: Beatrice Sanchez
Beatrice Sanchez, Deputy City Clerk
(909)798-7531

CAPACITY CLAIMED BY SIGNER(S)

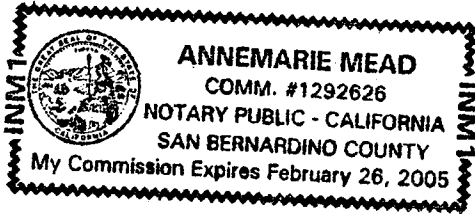
- { } Individual(s) signing for oneself/themselves
{ } Corporate Officer(s)
Title(s)
Company
{ } Partner(s)
Partnership
{ } Attorney-In-Fact
Principal(s)
{ } Trustee(s)
Trust
{ x } Other
Title(s): Mayor and City Clerk
Entity Represented: City of Redlands, a municipal corporation

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW:
Title or Type of Document: Redlands Health Services - Development Agreement
Signer(s) Other Than Named Above: James R. Holmes

STATE OF CALIFORNIA)
 : ss.
COUNTY OF SAN BERNARDINO)

On November 11, 2003, before me, Annemarie Mead, a notary public, personally appeared James R. Holmes, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Annemarie Mead

STATE OF CALIFORNIA)
 : ss.
COUNTY OF _____)

On _____, 2003, before me, _____, notary public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his signature on the instrument the person(s), or entity(s) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

EXHIBIT A
To Redlands Health Services Development Agreement

Legal Description of Property

PARCEL ONE:

**1875 Barton Road
Redlands, CA 92373
APN No. 293-131-03**

PARCEL A:

PARCEL 1 OF PARCEL MAP 9616, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 110 OF PARCEL MAPS, PAGES 54 AND 55 OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO BY DEED RECORDED OCTOBER 14, 1977, IN BOOK 9284, PAGE 502, OFFICIAL RECORDS.

PARCEL B:

A 24.00 FOOT EASEMENT FOR INGRESS AND EGRESS PURPOSES OVER A PORTION OF PARCEL 2 IN PARCEL MAP NO. 9616, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 110 OF PARCEL MAPS, PAGES 54 AND 55, RECORDS OF SAID COUNTY, THE CENTERLINE BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL;
THENCE NORTH 0° 40' 02" WEST, 46.00 FEET ALONG THE WESTERLY LINE OF SAID PARCEL 2 TO THE TRUE POINT OF BEGINNING;
THENCE 89° 18' 17" EAST, 204.54 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY HAVING A RADIUS OF 180.00 FEET, A RADIAL BEARING TO SAID BEGINNING BEARS SOUTH 25° 08' 48" WEST;
THENCE EASTERLY 162.37 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 51° 41' 02";
THENCE ON A NON-TANGENT LINE, SOUTH 89° 18' 17" EAST, 168.59 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 45.00 FEET;
THENCE SOUTHEASTERLY 59.53 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 75° 47' 42";
THENCE SOUTH 14° 54' 01" EAST 2.33 FEET TO THE SOUTHEAST LINE OF SAID PARCEL 2.

PARCEL TWO:

**26842 Ladera
Redlands, CA 92373
APN No. 293-083-01, 05**

THAT PORTION OF LOT 14, TRACT NO. 2267, TRAILS-END TERRACE, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 32 OF MAPS, PAGE 58, OFFICIAL RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF NEVADA STREET, 80.00 FEET WIDE WITH THE ORIGINAL CENTERLINE OF BARTON ROAD (RUNNING EAST) 80.00 FEET WIDE, AS SHOWN ON TRACT NO. 2216 AS PER PLAT RECORDED IN BOOK 31 OF MAPS, PAGE 81, OFFICIAL RECORDS OF SAID COUNTY;
THENCE SOUTH 89° 30' 28" WEST ALONG SAID CENTERLINE OF BARTON ROAD 15.21 FEET TO AN INTERSECTION WITH THE 1948 "CENTERLINE OF CONSTRUCTION" OF BARTON ROAD;
THENCE SOUTH 85° 23' 34" WEST ALONG SAID CENTERLINE 135.47 FEET (RECORD 135.63 FEET PER O.R. 9396/1324) TO AN INTERSECTION WITH THE CENTERLINE OF LADERA STREET, 40.00 FEET WIDE (FORMERLY SOUTH NEVADA STREET) AS SHOWN ON MAP ENTITLED "BARTON ROAD PRECISE PLAN NO. S.V. 388, SHEET NO. 5", ON FILE IN THE OFFICE OF THE COUNTY ENGINEER OF SAID COUNTY, SAID INTERSECTION ALSO BEING A COUNTY SURVEYOR'S MONUMENT;
THENCE ALONG SAID CENTERLINE OF LADERA STREET SOUTH 00° 16' 49" WEST 101.19 FEET;

THENCE SOUTH 89° 43' 11" EAST 20.00 FEET TO A POINT ON THE EAST RIGHT OF WAY OF SAID LADERA STREET;
THENCE SOUTH 00° 16' 49" WEST 108.36 FEET, MORE OR LESS, ALONG SAID RIGHT OF WAY TO THE SOUTHWEST CORNER OF THE NORTH 40.30 FEET OF SAID LOT 14, SAID POINT BEING THE POINT OF BEGINNING;
THENCE SOUTH 89° 43' 11" EAST 69.76 FEET ALONG THE SOUTH LINE OF THE NORTH 40.30 FEET OF SAID LOT 14 TO THE SOUTHEAST CORNER OF SAID NORTH 40.30 FEET;
THENCE CONTINUING SOUTH 89° 43' 11" EAST 64.36 FEET TO A POINT ON THE EAST LINE OF SAID NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SECTION 32, SAID POINT ALSO LYING ON THE WEST BOUNDARY LINE OF PARCEL 1, PARCEL MAP NO. 9616 AS PER MAP RECORDED IN BOOK 110 OF PARCEL MAPS, PAGES 54 AND 55, OFFICIAL RECORDS OF SAID COUNTY;
THENCE SOUTH 00° 44' 11" EAST 339.03 FEET, MORE OR LESS, ALONG SAID EAST LINE TO THE SOUTHEAST CORNER OF SAID LOT 14, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP NO. 9616, AND SAID POINT LYING ON THE NORTHEASTERLY RIGHT OF WAY OF SAID LADERA STREET (FORMERLY GRANT STREET) AS SHOWN ON SAID MAP OF TRACT NO. 2267;
THENCE NORTH 55° 55' 41" WEST 168.62' (REC. 167.45 FEET PER TRACT NO. 2267) ALONG SAID RIGHT OF WAY TO AN ANGLE POINT THEREIN;
THENCE NORTH 00° 16' 49" EAST 245.20 FEET ALONG THE EAST LINE OF SAID LADERA STREET TO THE SOUTHWEST CORNER OF THE NORTH 40.30 FEET OF SAID LOT 14, SAID CORNER BEING THE POINT OF BEGINNING.

SAID DESCRIPTION IS PURSUANT TO CERTIFICATE OF COMPLIANCE NO. 416, CITY OF REDLANDS RECORDED JULY 16, 2001 AS INSTRUMENT NO. 2001-284062 OFFICIAL RECORDS.

PARCEL THREE:

**26869-26883 Barton Road
Redlands, CA 92373**

APN No. 293-083-02, 03, 04

THAT PORTION OF LOT 1 AND LOT 14, TRACT NO. 2267, TRAILS-END TERRACE, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 32 OF MAPS, PAGE 58, OFFICIAL RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF NEVADA STREET, 80.00 FEET WIDE, WITH THE ORIGINAL CENTERLINE OF BARTON ROAD (RUNNING EAST) 80.00 FEET WIDE, AS SHOWN ON TRACT NO. 2216 AS PER PLAT RECORDED IN BOOK 31 OF MAPS, PAGE 81, OFFICIAL RECORDS OF SAID COUNTY;
THENCE SOUTH 89° 30' 28" WEST ALONG SAID CENTERLINE OF BARTON ROAD 15.21 FEET TO AN INTERSECTION WITH THE 1948 "CENTERLINE OF CONSTRUCTION" OF BARTON ROAD;
THENCE SOUTH 85° 23' 34" WEST ALONG SAID CENTER 135.47 FEET (RECORD 135.63 FEET PER O.R. 9540/1409) TO AN INTERSECTION WITH THE CENTERLINE OF LADERA STREET, 40.00 FEET WIDE (FORMERLY SOUTH NEVADA STREET) AS SHOWN ON MAP ENTITLED "BARTON ROAD PRECISE PLAN NO. S.V. 388, SHEET NO. 5", ON FILE IN THE OFFICE OF THE COUNTY ENGINEER OF SAID COUNTY, SAID INTERSECTION ALSO BEING A COUNTY SURVEYOR'S MONUMENT;
THENCE ALONG SAID CENTERLINE OF LADERA STREET SOUTH 00° 16' 49" WEST 101.19 FEET;

THENCE SOUTH 89° 43' 11" EAST 20.00 FEET TO A POINT ON THE EAST RIGHT OF WAY OF SAID LADERA STREET, SAID POINT BEING THE POINT OF BEGINNING;
THENCE FROM THE POINT OF BEGINNING SOUTH 89° 43' 11" EAST 10.00 FEET ALONG THE SOUTH LINE OF THAT PARCEL OF LAND CONDEMNED TO THE COUNTY OF SAN BERNARDINO BY FINAL ORDER OF CONDEMNATION RECORDED IN BOOK 9540, PAGE 1409, OFFICIAL RECORDS OF SAID COUNTY;
NORTH 00° 16' 49" EAST 10.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 20.00 FEET;
THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 24' 14" AN ARC DISTANCE OF 30.86 FEET;
NORTH 88° 41' 03" EAST 40.33 FEET, MORE OR LESS, TO THE EAST LINE OF SAID LOT 1;
THENCE ALONG THE SOUTH LINE OF THAT PARCEL OF LAND CONDEMNED TO THE COUNTY OF SAN BERNARDINO BY FINAL ORDER OF CONDEMNATION RECORDED IN BOOK 9396, PAGE 1322, OFFICIAL RECORDS OF SAID COUNTY NORTH 88° 41' 03" EAST 61.88 FEET TO THE EAST LINE OF SAID NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SECTION 32, SAID POINT ALSO LYING ON THE WEST BOUNDARY LINE OF PARCEL 1, PARCEL MAP NO. 9616, AS PER MAP RECORDED IN BOOK 110 OF PARCEL MAPS, PAGES 54 AND 55, OFFICIAL RECORDS OF SAID COUNTY;
THENCE SOUTH 00° 44' 11" EAST 141.22 FEET ALONG THE EAST LINE OF SAID NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SECTION 32, ALSO BEING THE WEST LINE OF PARCEL 1 OF SAID PARCEL MAP NO. 9616;
THENCE NORTH 89° 43' 11" WEST 64.36 FEET TO THE SOUTHEAST CORNER OF THE NORTH 40.30 FEET OF SAID LOT 14;
THENCE NORTH 89° 43' 11" WEST 69.76 FEET ALONG THE SOUTH LINE OF THE NORTH 40.30 FEET OF SAID LOT 14 TO THE SOUTHWEST CORNER OF SAID NORTH 40.30 FEET, SAID POINT LYING ON THE EAST LINE OF SAID LADERA STREET;
THENCE ALONG SAID EAST LINE NORTH 00° 16' 49" EAST 108.36 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

Maps of Locations of Property

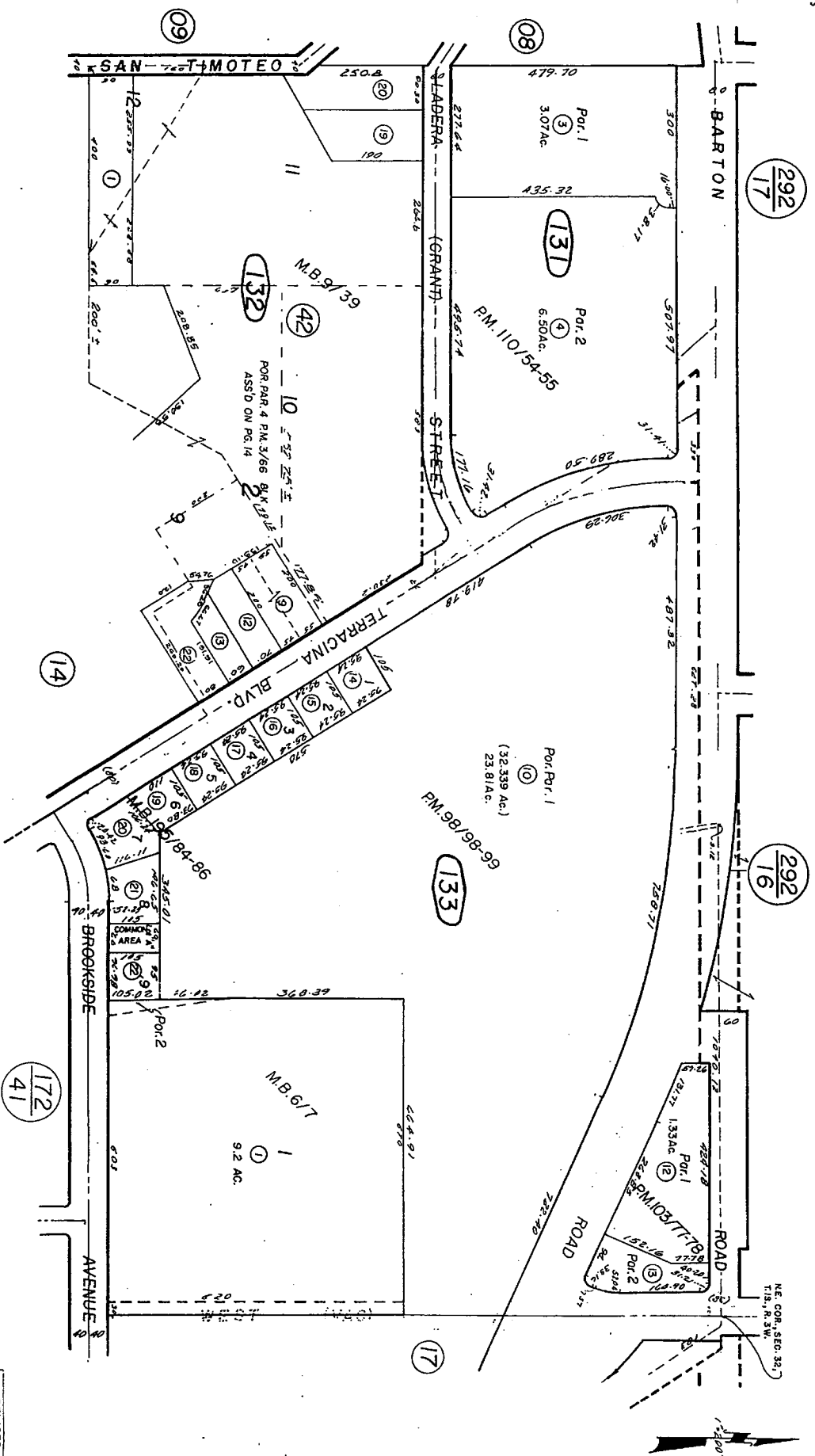


Parcel One

Por. Resub. Blk. 283, Terracina Add. No. 1, M.B. 9/39
Por. Terracina Add. No. 1, M.B. 6/7
Siesta Villa, M.B. 14/14

City of Redlands
Tax Rate Area
5010

293-13



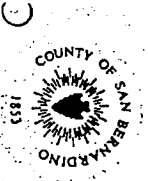
K.S.D.
Sept. 1952
Por. Tract No. 13215, M.B. 195/84-86
Parcel Map No. 9616, P.M. 110/54-55
Parcel Map No. 8897, P.M. 103/77-78
Por. Parcel Map No. 9348, P.M. 98/98-99
Por. Parcel Map No. 315, P.M. 3/66

Note-Assessor's Blk. & Lot
Numbers Shown In Circles

Assessor's Map
Book 293 Page 13
San Bernardino County

REVISED
11/27/52 A.S.S.
11/26/50 A.S.S.

Parcels Two and Three

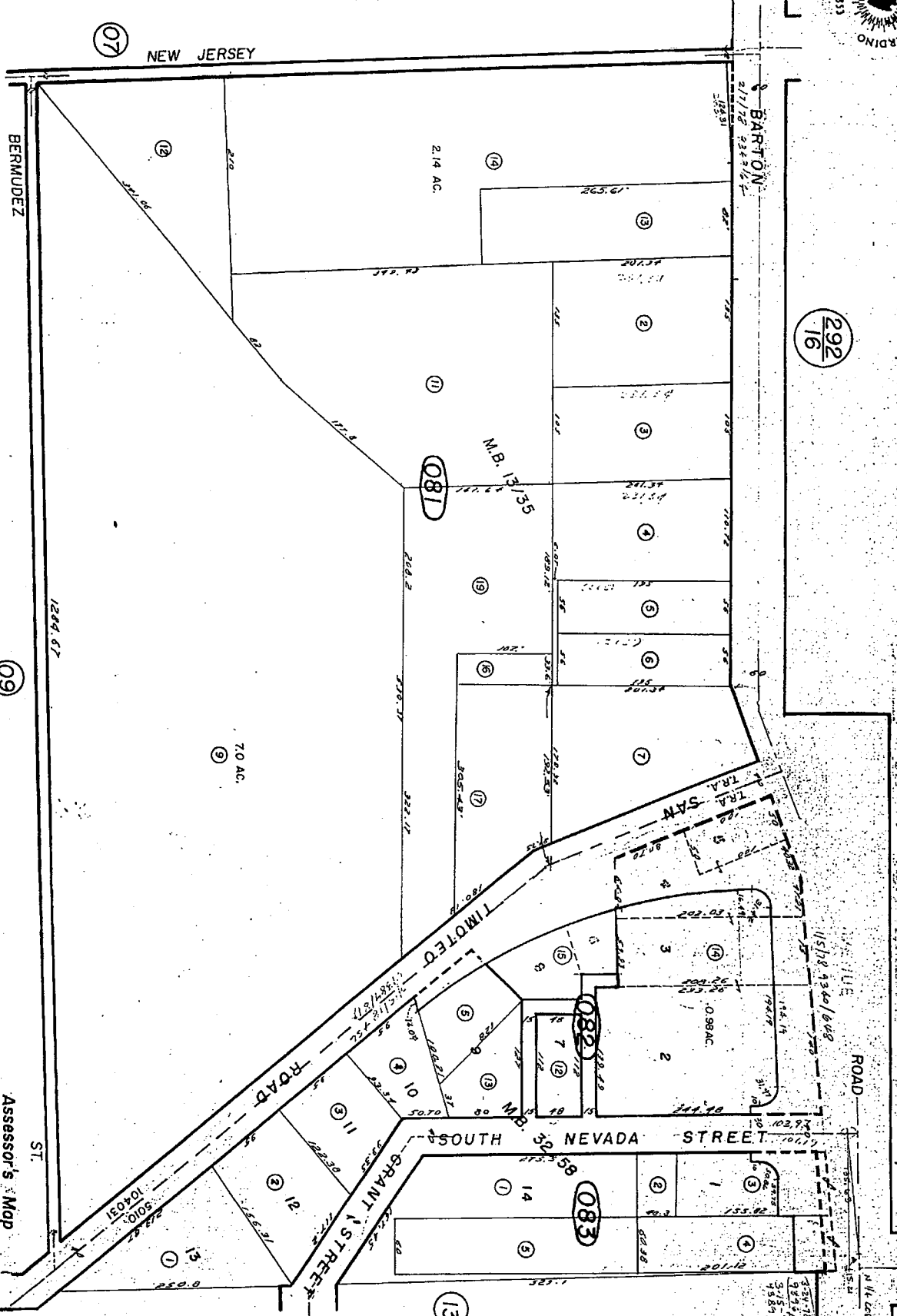


Aug 1953

Por. Mrs. Bermudez Survey, M.B. 13/35
 Trails - End Terrace, Tr. No. 2267, M.B. 32/58

Note - Assessor's Blk. & Lot
 Numbers Shown in Circles

Assessor's Map
 Book 293 Page 08
 San Bernardino County



Por. NE1/4, NW1/4, Sec. 32, T15S, R. 3W, S.B.B. & M.

City of Redlands
 Tax Rate Aired
 104031, 5010

293-08

| REVISED | TE |
|----------|----|
| 6/23/53 | GP |
| 5/20/51 | GP |
| 10/11/54 | AS |