



**Oversight Board
To the City of Ridgecrest
Successor Redevelopment Agency**

AGENDA

**Special Meeting
Thursday February 12, 2015
6:00pm**

**City Hall
100 West California Avenue
Ridgecrest, CA 93555**

**County Of Kern Board of Supervisors
Jim Fallgatter
Vacant**

**City of Ridgecrest Mayor
Tess Sloan
Vacant**

**Kern County Superintendent of Education
Gary Rice**

**Chancellor California Community Colleges
Gale Lebsock**

**Kern County Water Agency
Vacant**

This Page Intentionally Left Blank



**OVERSIGHT BOARD
TO THE CITY OF RIDGECREST
SUCCESSOR REDEVELOPMENT AGENCY**

**Special Meeting
Thursday February 12, 2015
6:00 p.m.**

**CITY COUNCIL CHAMBERS
100 West California Avenue
Ridgecrest, CA 93555**

This meeting room is wheelchair accessible. Accommodations and access to City meetings for people with other handicaps may be requested of the Secretary of the Board (499-5062) five working days in advance of the meeting.

In compliance with Senate Bill 343, Oversight Board Agenda and corresponding writings are available for public inspection at the following locations:

1. City of Ridgecrest City Hall, 100 W. California Ave., Ridgecrest, CA 93555
2. Kern County Library – Ridgecrest Branch, 131 E. Las Flores Avenue, Ridgecrest, CA 93555
3. City of Ridgecrest official website at <http://ci.ridgecrest.ca.us>

CALL TO ORDER

SWEARING IN OF NEW BOARD MEMBER(S)

ROLL CALL

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

APPROVAL OF MINUTES – September 22, 2014

PUBLIC COMMENT

STAFF UPDATES

DISCUSSION AND OTHER ACTION ITEMS

1. Review And Approve Recognized Obligations Payment Schedule (ROPS 2015-16A) Of The Former Ridgecrest Redevelopment Agency And Approval Of Resolution 15-01
2. Approval Of A Resolution Of The Ridgecrest Successor Agency Oversight Board Authorizing A Modification Of The Agency's Existing Property Management Plan To Include The Development And Execution Of Compensation Agreements With All Other Property Taxing Agency's For The Sale Of Properties Within The City/Redevelopment Agency Business Park
3. Approval Of A Resolution Of The Oversight Board To The Ridgecrest Redevelopment Successor Agency Authorizing The Modification Of A Disposition And Development Agreement (DDA) Dated 11/02/06 With CNM Holdings 1 Ltd. / K Partners And Authorizing The City Manager Or His Designee To Negotiate And Execute Any Needed Documents

BOARD MEMBER COMMENTS

STAFF COMMENTS

ADJOURNMENT

This Page Intentionally Left Blank

This Page Intentionally Left Blank

**OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT
SUCCESSOR AGENCY AGENDA ITEM**

SUBJECT:

Review And Approve Recognized Obligations Payment Schedule (ROPS) 2015-16A Of The Former Ridgecrest Redevelopment Agency And Approval Of Resolution

PRESENTED BY:

Gary Parsons

SUMMARY:

The City Council at their regular meeting of January 11, 2012 adopted Resolution No 12-02, electing to serve as the Successor Agency to the prior Ridgecrest Redevelopment Agency and making certain findings in connection therewith.

The staff has prepared the Ridgecrest Redevelopment Successor Agency Recognized Obligations Payment Schedule (ROPS) 2015-16A of the prior Ridgecrest Redevelopment Agency and is recommending approval by the Ridgecrest Successor Agency Oversight Board and its adoption by Resolution to forward to the State of California Department of Finance (DOF).

The City Council, acting as the Ridgecrest Redevelopment Agency Successor Agency, at its regular meeting of January 21, 2015 reviewed and approved the ROPS 2015-16A and its submission to the DOF passing Resolution 15-03.

The ROPS 2015-16A is for the period of June 1, 2015 through December 31, 2015.

The following represents the changes/modifications made to the previously approved ROPS 2014-15B:

- 1) Line 12 - legal costs – is being moved from non-admin expenditure to admin expenditure. This amount is for our Successor Agency bond counsel Stradling, Yocca, Carlson & Roth.
- 2) Line 15 - attorney fees - is being moved from admin expenditure to non-admin expenditure. This amount is for our Successor Agency legal counsel Lemieux & O'Neil handling current Agency law suits.
- 3) Line 17 - waste water loan - is being again submitted for funding. Although this obligation was not approved by the DOF under the ROPS 2014-15A & 2014-15B, it was not funded in that period and is being resubmitted for funding in this ROPS period.
- 4) Line 18 - waste water loan/solar loan - this line item is being resubmitted for approval by the DOF. Although previously approved by the Successor Agency and the Oversight Board as a legitimate obligation of the Agency; it was not approved by the DOF and is again being submitted to the DOF for approval.

- 5) Line 28 - administrative expenses for the Ridgecrest Housing Authority - the amount is again being requested although it was denied in the agency's ROP2014-15B by the DOF.

Staff will provide an overview and respond to any questions of the Board concerning the ROPS 2015-16A and recommends approval thereof.

The attached resolution is approving it for submission to the State of California Department of Finance (DOF).

FISCAL IMPACT: Funding of Recognized Obligations of the Successor Agency

ACTION REQUESTED:

Review and approval of ROPS 2015-16A and Corresponding Resolution

**SUCCESSOR AGENCY EXECUTIVE DIRECTOR RECOMMENDATION:
TO APPROVE ATTACHED RESOLUTION AND 2015-16A ROPS**

Submitted by: R. Charlon
(Rev 2/13/12)

Action Date: February 12, 2015

RESOLUTION NO. 15-01

**A RESOLUTION OF THE RIDGECREST REDEVELOPMENT AGENCY
OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT
SCHEDULE (ROPS) 2015-16A**

WHEREAS, the Ridgecrest Redevelopment Agency Oversight Board has met and has duly considered a Draft Recognized Obligation Payment Schedule (ROPS) for the period JUNE 1, 2015 through DECEMBER 31, 2015 (the "Draft ROPS15-16A") in the form submitted by the Successor Agency staff; and

WHEREAS, prior to its meeting on FEBRUARY 12, 2015, the members of the Ridgecrest Redevelopment Agency Oversight Board have been provided with copies of the Draft ROPS15-16A and instruments referenced in the Draft ROPS15-16A; and

WHEREAS, the Ridgecrest Redevelopment Agency Oversight Board has reviewed the Draft ROPS15-16A and those instruments referenced in the Draft ROPS15-16A; and

WHEREAS, the Ridgecrest Redevelopment Agency Oversight Board desires to express and memorialize its approval of the Draft ROPS15-16A with this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Ridgecrest Redevelopment Agency Oversight Board as follows:

SECTION 1. The Ridgecrest Redevelopment Agency Oversight Board finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Ridgecrest Redevelopment Agency Oversight Board approves as the Recognized Obligation Payment Schedule for the period June 1, 2015 through December 31, 2015.

SECTION 3. The Oversight Board authorizes and directs staff to submit the ROPS15-16A to the California Department of Finance.

SECTION 4. The Oversight Board shall maintain on file as a public record this Resolution and the ROPS15-16A as approved hereby.

PASSED, APPROVED, AND ADOPTED at a meeting of the Ridgecrest Redevelopment Agency Oversight Board, held on this the 12th day of February, 2015 by the following vote, to wit:

Ayes:

Nays:

Absent:

Abstain:

Gary Rice, Chairman

ATTEST:

Ricca Charlon, Recording Secretary

This Page Intentionally Left Blank

Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: Ridgecrest
Name of County: Kern

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ -
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 1,972,603
F Non-Administrative Costs (ROPS Detail)	1,847,603
G Administrative Costs (ROPS Detail)	125,000
H Current Period Enforceable Obligations (A+E):	\$ 1,972,603
Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	1,972,603
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(33,188)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 1,939,415
County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	1,972,603
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	1,972,603

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (m) of the Health and Safety code, I
hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

Name	Title
/s/	
Signature	Date

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P	
										M						Six-Month Total
										Funding Source						
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			
Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin												
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total	
								\$ 64,002,388		\$ -	\$ -	\$ -	\$ 1,847,603	\$ 125,000	\$ 1,972,603	
2	2005 COP (Building Lease)	Bonds Issued On or Before 12/31/10	11/1/2005	3/1/2026	U.S. Bank via City of	Building Lease	Ridgecrest RDA	8,216,111	N				139,519		\$ 139,519	
3	2010 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	6/2/2010	6/30/2037	U.S. Bank	Bonds issued to fund housing/non projects	Ridgecrest RDA	51,490,711	N				855,634		\$ 855,634	
4	Jail Operations/Maintenance	Miscellaneous	1/17/1990	6/30/2015	Kern County	Jail Operations/RDA settlement Agreement	Ridgecrest RDA	-	N				-		\$ -	
6	Agency held property	Property Maintenance	1/1/2014	6/30/2015	IWV Water District	Assessment District Special Tax	Ridgecrest RDA	950	N				950		\$ 950	
8	2005 COP (Building Lease)	Fees	11/1/2005	3/1/2026	BLX Group LLC	Arbitrage Analysis Report	Ridgecrest RDA	2,000	N				-		\$ -	
9	Continuing Disclosure Reporting	Fees	11/1/2005	6/30/2037	Rosenow Spevacek Group	Annual Bond Reporting Requirement	Ridgecrest RDA	5,500	N				500		\$ 500	
10	2005 COP (Building Lease)	Fees	11/1/2005	3/1/2026	U.S. Bank	Bond Administration Fee	Ridgecrest RDA	2,500	N						\$ -	
11	Project Management	Project Management Costs	7/1/2013	6/30/2015	Project Management	Bond Project Management	Ridgecrest RDA	138,000	N				69,000		\$ 69,000	
12	Legal Cost	Legal	1/1/2014	6/30/2015	Stradling Yocca, Carlson	Attorney Bond Assistance	Ridgecrest RDA	40,000	N					20,000	\$ 20,000	
13	Employee Costs	Admin Costs	1/1/2014	6/30/2015	Various City Employees	Successor Agency & Debt Administration Costs	Ridgecrest RDA	180,000	N					105,000	\$ 105,000	
15	Attorney Fees	Admin Costs	1/1/2014	6/30/2015	Lemieux & O'neil	Legal Assistance (litigating)	Ridgecrest RDA	100,000	N				50,000		\$ 50,000	
17	Wastewater Loan	City/County Loans On or Before 6/27/11	6/19/2002	6/30/2015	Ridgecrest WasteWater Fund	Loan to Build Business Park Infrastructure	Ridgecrest RDA		N						\$ -	
18	Wastewater Loan	City/County Loans On or Before 6/27/11	11/3/2010	11/3/2015	Ridgecrest WasteWater Fund	Loan to Finance Solar Park	Ridgecrest RDA	3,185,616	N				634,000		\$ 634,000	
20	2002 Tax Allocation Bonds	Fees	1/1/2014	6/30/2015	BLX Group LLC	Arbitrage Analysis Report	Ridgecrest RDA	-	N				-		\$ -	
21	2010 Tax Allocation Bonds	Fees	1/1/2014	6/30/2038	BLX Group LLC	Arbitrage Analysis Report	Ridgecrest RDA	2,500	N				2,500		\$ 2,500	
23	2010 Tax Allocation Bonds	Fees	1/1/2014	6/30/2037	U.S. Bank	Fiscal Agent Fees	Ridgecrest RDA	2,500	N				2,500		\$ 2,500	
27	PMP impletenation	Fees	12/15/2013	6/30/2015	Kosmont assoc.	Consultant Fees		36,000	N				18,000		\$ 18,000	
28	Ridgecrest Housing Authority	Admin Costs	1/1/2014	6/30/2015	Ridgecrest Housing Authortiy	Housing Agency Administration Costs allocations per AB 471		600,000	N				75,000		\$ 75,000	
29									N						\$ -	
30									N						\$ -	
31									N						\$ -	
32									N						\$ -	
33									N						\$ -	
34									N						\$ -	
35									N						\$ -	
36									N						\$ -	
37									N						\$ -	
38									N						\$ -	
39									N						\$ -	
40									N						\$ -	
41									N						\$ -	
42									N						\$ -	
43									N						\$ -	
44									N						\$ -	
45									N						\$ -	
46									N						\$ -	
47									N						\$ -	
48									N						\$ -	
49									N						\$ -	
50									N						\$ -	
51									N						\$ -	
52									N						\$ -	
53									N						\$ -	
54									N						\$ -	
55									N						\$ -	
56									N						\$ -	
57									N						\$ -	
58									N						\$ -	
59									N						\$ -	

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15A Actuals (07/01/14 - 12/31/14)									
1	Beginning Available Cash Balance (Actual 07/01/14)	23,185,550	-			3,000	288,054		
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	25,937					1,248,973		
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	3,040,658					1,235,735	Included in C3 is \$82.57 coming from the Bond Trust Account to pay portion of the authorized 2010 TAB interest payment (item 3 in PPA)	
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						-		
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						33,188	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 20,170,829	\$ -	\$ -	\$ -	\$ 3,000	\$ 268,104		
ROPS 14-15B Estimate (01/01/15 - 06/30/15)									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 20,170,829	\$ -	\$ -	\$ -	\$ 3,000	\$ 301,292		
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015						2,651,677		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)						2,967,776		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						-		
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 20,170,829	\$ -	\$ -	\$ -	\$ 3,000	\$ (14,807)		

This Page Intentionally Left Blank

OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT
SUCCESSOR AGENCY AGENDA ITEM

SUBJECT:

Approval Of A Resolution Of The Ridgecrest Successor Agency Oversight Board Authorizing A Modification Of The Agency's Existing Property Management Plan To Include The Development And Execution Of Compensation Agreements With All Other Property Taxing Agency's For The Sale Of Properties Within The City/Redevelopment Agency Business Park.

PRESENTED BY:

Gary Parsons

SUMMARY:

The Department of Finance (DOF) auditor has required that the agency modify its Property Management Plan to include entering into compensation agreements with all other taxing agencies who receive a share of the property taxes which involved the former City's Redevelopment Agency in order to receive the DOF approval of the Agency's PMP.

This approval will allow the Successor Agency to market and sell those exiting properties within the Ridgecrest city business park without DOF review and approval on each individual property. Opening up the ability of the Agency to development these properties for economic development.

The compensation agreement will provide for an agreement with each taxing agency as to that portion of the sale proceeds of each property sold will go to that taxing agency. A first draft of this agreement has been attached but will need to be modified as each taxing agency's agreement is negotiated and developed.

FISCAL IMPACT:

Any property sale proceeds remaining after all interested parties are paid will be added to the city's general fund

Reviewed by Finance Director

ACTION REQUESTED:

Approval of the attached resolution

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Recommend approval of the attached resolution

Submitted by: Gary Parsons

Action Date: February 12, 2015

This Page Intentionally Left Blank

RESOLUTION NO. 15-02

A RESOLUTION OF THE RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD APPROVING A REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, prior to February 1, 2012, the Ridgecrest Redevelopment Agency (herein referred to as the “Former Agency”) was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council (“City Council”) of the City of Ridgecrest (“City”); and

WHEREAS, Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Former Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Ridgecrest Redevelopment Agency (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, pursuant to Health & Safety Code Section 34191.5(b), upon the Successor Agency’s receipt of a “Finding of Completion” from the California Department of Finance pursuant to Health & Safety Code Section 34179.7, the Successor Agency is required to prepare a long range property management plan (“Property Management Plan”) for the Former Agency’s real property assets and submit the approved Property Management Plan to the Oversight Board and the Department of Finance for approval, all within six months of the date of the Finding of Completion; and

WHEREAS, during December of 2013, pursuant to Health & Safety Code Section 34179.7, the Successor Agency received a Finding of Completion from the Department of Finance; and

WHEREAS, on February 20, 2014, by its Resolution No. 14-13, the Successor Agency approved a Long Range Property Management Plan (the “February 2014 PMP”), which February 2014 PMP was subsequently approved by the Oversight Board to the Successor Agency on February 24, 2014, by its Resolution No. 14-02, and was subsequently submitted to the California Department of Finance (“DOF”); and

WHEREAS, the DOF has indicated, through its staff, that the Successor Agency is required to modify its Property Management Plan to include provisions for compensation agreements in connection with the transfer of certain properties; and

WHEREAS, Successor Agency staff has prepared a modified Property Management Plan in the form now submitted herewith (the "February 2015 LRPMP"), including provisions for compensation agreements as more particularly set forth therein; and

WHEREAS, by this Resolution, the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD desires to approve the February 2015 LRPMP in the form submitted to the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD concurrently herewith and to authorize the transmittal of the February 2015 LRPMP as the Property Management Plan, and to authorize the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD to transmit such Property Management Plan to the Department of Finance for approval, all pursuant to Health & Safety Code Section 34191.5(b).

NOW, THEREFORE, BE IT RESOLVED BY THE RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD hereby approves the February 2015 LRPMP as the Property Management Plan in the form submitted to the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD concurrently herewith and authorizes the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD to transmit said Property Management Plan to the Department of Finance for approval, all pursuant to Health & Safety Code Section 34191.5(b).

Section 3. This Resolution shall be effective immediately upon adoption.

Section 4. The Secretary to the Successor Agency shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 12th day of February 2015.

**RIDGECREST REDEVELOPMENT AGENCY
OVERSIGHT BOARD**

Gary Rice, Chairman

ATTEST:

Ricca Charlon, Secretary

STATE OF CALIFORNIA)
COUNTY OF KERN) ss.
CITY OF RIDGECREST)

I, Ricca Charlon, Secretary of the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD hereby certify that the foregoing resolution was duly adopted by the RIDGECREST REDEVELOPMENT AGENCY OVERSIGHT BOARD at its regular meeting held on the 12th day of February, 2015, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary of the Successor Agency

This Page Intentionally Left Blank

COMPENSATION AGREEMENT

(PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(f) REGARDING RIDGECREST SUCCESSOR AGENCY TRANSFER OF PROPERTIES TO CITY OF RIDGECREST)

This Compensation Agreement, as further defined in part (a) of Section 1, below (the “Agreement”), which is dated for reference purposes as of February 1, 2015, is entered into by and among the Successor Agency of the Ridgecrest Redevelopment Agency, the City of Ridgecrest, the County of Kern, the Kern County Fire Fund, the Eastern Kern County Resources Conservation District, the Kern County Water Agency, the Kern County Office of Education, the Sierra Sands Unified School District, and the Kern Community College District, on the basis of the following facts, understandings, and intentions of the foregoing entities (the “Parties”):

RECITALS

A. These Recitals refer to and utilize certain capitalized terms which are defined in Section 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use thereof in this Agreement.

B. Pursuant to the Redevelopment Dissolution Statutes (as defined below), the Ridgecrest Redevelopment Agency (“Former RDA”) was dissolved as of February 1, 2012, and the Successor Agency became responsible for paying the enforceable obligations, disposing of the properties and other assets, and unwinding the affairs of the Former RDA.

C. Accordingly, ownership of the Former RDA’s properties (other than properties acquired with moneys from the Former RDA’s low- and moderate-income housing fund) that had been acquired to implement the Redevelopment Plan (as defined below) transferred to the Successor Agency for disposition in accordance with the Redevelopment Dissolution Statutes.

D. The Successor Agency received a “Finding of Completion” from the DOF in December 2013 confirming that the Successor Agency had made specified required payments under the Redevelopment Dissolution Statutes, and entitling the Successor Agency to prepare and submit a long-range property management plan to the Oversight Board and the DOF (as those capitalized terms are defined below) for approval.

E. The Successor Agency initially prepared and obtained Oversight Board approval of a long range property management plan in February 2014 (the “February 2014 LRPMP”). Under the February 2014 LRPMP, as described in Section 1.2 thereof, three categories of properties were set forth as follows: (i) that property listed as item #1 in Section 1.2, currently used for flood control purposes, which was (or is) to be transferred to the City as governmental use property (the “Governmental Property”); (ii) that property listed as #3 at Section 1.2, known by the street address of 227 Desert Candles Street, which was (or is) to be liquidated (the “Liquidation Property”); and (iii) twenty four (24) Parcels (as “Parcels” is defined below) within the Ridgecrest Business Park, as listed at #2 of Section 1.2 (the “Designated Properties”). Under the February 2014 LRPMP, the Governmental Property was to be transferred to the City without payment of any remuneration therefor; the Liquidation Property is to be disposed of in a manner of the Successor Agency’s choosing, as more fully described in the February 2014 LRPMP but without the use of compensation

agreements; and the Designated Properties are to be transferred to the City for future development of the City's choosing.

F. An analyst employed by the DOF has directed that, in order to obtain DOF approval, the February 2014 LRPMP needed to be amended to provide for preparation and execution of a compensation agreement among the City and the Taxing Entities based upon Health and Safety Code Section 34180(f), providing for specified proceeds of the City's subsequent disposition of the Designated Properties to be distributed to the Taxing Entities in accordance with their proportional shares of the base property tax revenues.

G. To comply with this DOF directive, the Successor Agency amended the February 2014 LRPMP by the "February 2015 Amendment" to the February 2014 LRPMP as approved by the Oversight Board at its March 2015 meeting; the February 2014 LRPMP as amended by the March 2015 Amendment is referred to as the "LRPMP." As amended by the February 2015 Amendment, the LRPMP includes the following language:

The Successor Agency interprets Health and Safety Code Section 34191.5 to mean that agreements with taxing agencies are not required in connection with the disposition of Successor Agency property to the sponsoring city for governmental uses or for subsequent disposition for development consistent with redevelopment and community plans in accordance with a long-range property management plan. However, pursuant to Department of Finance direction, the City will enter into an agreement with the taxing entities that addresses disposition of each parcel to be conveyed to the City for redevelopment purposes pursuant to this Long Range Property Management Plan. The agreement will indicate that any net proceeds from the sale of such parcels, taking into account costs, liens, and amounts required to be paid under the Long Range Property Management Plan, will be distributed to all of the taxing entities on a pro rata basis in proportion to each entity's respective share of the property tax base. Notwithstanding the foregoing, this section of this Plan will not be operative if a court order, legislation or Department of Finance policy reverses the Department's directive regarding such agreements, or otherwise determines that an agreement for such compensation is not required to be entered into by the City.

This Agreement implements the DOF directive referenced in the provisions of the LRPMP.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Definitions. The following definitions shall apply in this Agreement:

(a) "Agreement" means this Compensation Agreement as it may be amended from time to time.

(b) “Applicable Fiscal Year” means each Fiscal Year of the City in which the City receives Interim Municipal Use Annual Operating Proceeds from an Interim Municipal Use of one or more of the Designated Properties, as more fully described in Section 7.

(c) “Applicable Shares” has the meaning given in Section 6(a).

(d) “Auditor-Controller” means the Kern County Auditor-Controller.

(e) “City” means the City of Ridgecrest.

(f) “Designated Properties” means the twenty four (24) Parcels so identified (as Designated Properties) in Recital E hereof. Each of the Designated Properties constitutes a “Designated Property.”

(g) “DDA” means, with respect to each Designated Property, the disposition and development agreement between the City and a Developer for that Designated Property, as hereafter approved by the City from time to time.

(h) “Developer” means, with respect to each Designated Property, the entity to which the City disposes of that Designated Property pursuant to a DDA as hereafter approved by the City from time to time.

(i) “Disposition Proceeds” means, with respect to each Designated Property, the gross purchase price and other compensation, if any, actually received by the City from the Developer in consideration for the disposition of the Property pursuant to the DDA after deduction of the Owner Amount, less the sum of the City’s actual costs for the following items (but only to the extent paid from City funds and not from funds provided by the Successor Agency, a Developer, or another separate entity), each to be documented in reasonable detail in the Disposition Proceeds Statement for the Property:

(1) the City’s actual costs, for maintenance, management and insurance of the applicable Designated Property from the date the Designated Property is transferred by the Successor Agency to the City pursuant to Section 4 to the date the Designated Property is disposed of by the City to the Developer pursuant to the DDA; plus

(2) the City’s actual costs of any capital improvements or repairs to maintain the Designated Property in a safe and lawful condition incurred from the date the Designated Property is transferred by the Successor Agency to the City pursuant to Section 4 to the date the Designated Property is disposed of by the City to the Developer pursuant to the DDA;

(3) the City’s actual costs of site preparation, including hazardous materials remediation and pollution legal liability insurance premiums, if any, required to be paid by the City under the DDA for the applicable Designated Property to prepare the Designated Property for disposition; plus

(4) amounts to which the Successor Agency is indebted to the City as reflected in the 14-15A recognized obligation payment schedule as approved by the Oversight Board; plus

(5) the City's actual costs, not to exceed Fifty Thousand Dollars (\$50,000) per Parcel, to pay third party vendors for appraisal, legal, real estate consultant, marketing, title company, title insurance, publication charges, and other costs related to Developer selection, DDA preparation and approval, and closing costs for disposition of the Designated Property; plus

(6) any broker's commissions or other costs payable by the City pursuant to the DDA for the Designated Property.

(j) "Disposition Proceeds Receipt Date" means, with respect to each Designated Property, the date on which the City receives the proceeds from the disposition of that Designated Property to the Developer pursuant to the DDA.

(k) "Disposition Proceeds Statement" means, with respect to each Designated Property, the statement prepared by the City and delivered to the Taxing Entities in accordance with Section 5(b).

(l) "DOF" means the California Department of Finance.

(m) "Effective Date" has the meaning given in Section 2.

(n) "ERAF" means the Educational Revenue Augmentation Fund maintained by the Auditor-Controller.

(o) "Fiscal Year" means the fiscal year of the City in effect from time to time. The current Fiscal Year period of the City commences on July 1 of each calendar year and ends on the following June 30.

(p) "Former RDA" means the Ridgcrest Redevelopment Agency.

(q) "Interim Municipal Use" means an interim use by the City of a Property prior to its sale to a private party, such as for pocket parks, landscape features, bus shelters, parking lots available for community events, or other uses.

(r) "Interim Municipal Use Annual Operating Proceeds" means, for each Applicable Fiscal Year, the revenue actually received by the City from Interim Municipal Use of the Designated Properties, net of operating costs and expenses incurred by the City, as documented in reasonable detail in the Operating Proceeds Statement for the Applicable Fiscal Year.

(s) "LRPMP" means the Long-Range Property Management Plan of the Successor Agency as defined in Recital E hereof, together with such amendments which may be made thereto from time to time.

(t) "Operating Proceeds Statement" means, with respect to each Applicable Fiscal Year, the statement prepared by the City and delivered to the Taxing Entities in accordance with Section 7(c).

(u) "Oversight Board" means the Successor Agency's oversight board established and acting in accordance with the Redevelopment Dissolution Statutes.

(v) “Owner Amount” means that amount payable to the private party which holds a note secured by revenues payable with respect to disposition of the Designated Properties as described in the discussion of item #2 in the LRPMP.

(w) “Parcel” means a unit of land reflected by an assessor’s parcel number (as listed at Section 1.2 of the LRPMP), as such assessor’s parcels are configured as of January 1, 2015.

(x) “Parties” means all of the parties to this Agreement as set forth in the opening paragraph of this Agreement. “Party” means one of the Parties individually.

(y) “Redevelopment Dissolution Statutes” means collectively ABx1 26 enacted in June 2011, and AB 1484 enacted in June 2012.

(z) “Redevelopment Plan” means the Redevelopment Plan for Ridgecrest Redevelopment Project as approved by Ordinance No. 86-37 adopted by the City Council of the City on November 16, 1986, and as subsequently amended by the City by Ordinance No. 91-13 and Ordinance 95-04.

(aa) “Successor Agency” means the Successor Agency of the Ridgecrest Redevelopment Agency”.

(bb) “Taxing Entities” means, collectively, the following entities that comprise affected taxing entities for purposes of the Redevelopment Dissolution Statutes: the County of Kern, the Kern County Fire Fund, the City of Ridgecrest, the Eastern Kern County Resources Conservation District, the Kern County Water Agency, the Kern County Office of Education, the Sierra Sands Unified School District, and the Kern Community College District. “Taxing Entities” shall also mean and include ERAF if and to the extent the Auditor-Controller determines that ERAF is entitled to a distribution of compensation pursuant to Section 6 and the provisions of Health and Safety Code Section 34188. The County administers payments on behalf of ERAF.

Section 2. Effectiveness of Agreement. This Agreement shall become effective only upon satisfaction of the following conditions:

(a) Approval of this Agreement by the Oversight Board and direction by the Oversight Board for the Successor Agency to execute and implement this Agreement pursuant to Health and Safety Code Section 34180(f) (the “Oversight Board Action”); and

(b) Notification to the DOF of the Oversight Board Action and effectiveness of the Oversight Board Action in accordance with the provisions of Health and Safety Code Section 34179(h).

Promptly following: (i) receipt of approval from the DOF, (ii) the elapse of time for approval or review by DOF under Section 34179(h), or (iii) approval by a court, whichever shall first occur (the date of the first of such events to occur constituting the “Effective Date”), the City, on behalf of the City and the Successor Agency, shall transmit notice to all the other Parties that the Agreement is effective and specifying the date the Agreement became.

Section 3. ERAF. ERAF may be entitled to a distribution pursuant to Section 6 of a portion of the Disposition Proceeds from the disposition of each Designated Property. Pursuant to past practices of DOF as agreed to hereby by the County on behalf of the County and its Auditor-Controller, there is no need for a separate signatory to execute this Agreement on behalf of ERAF because the ultimate beneficiaries of any distribution of Disposition Proceeds to ERAF are themselves Taxing Entities that are signatories to this Agreement. Within this Agreement, any share for ERAF is accommodated by the share allocable to the County as reflected in Exhibit T.

Section 4. Conveyance of Properties To City. Promptly following the Effective Date, and in consideration for the distributions to the Taxing Entities by the City through the Auditor-Controller set forth in Section 6, the Successor Agency shall convey, and the City shall accept, all of the interest in and to the Designated Properties. The Successor Agency shall convey the Designated Properties by grant deed or quitclaim in form reasonably acceptable to each of the Successor Agency and the City.

Section 5. Disposition of Properties By City. Within a time frame determined by the City to yield a financially feasible and marketable development and in accordance with the procedures and requirements set forth in the LRMP, if any, the City shall use diligent good faith efforts to select a Developer for each Designated Property, negotiate and obtain approval and execution of the DDA for each Designated Property, and dispose of each Designated Property to the Developer in accordance with the applicable DDA in order to obtain the Disposition Proceeds for distribution through the Auditor-Controller to the Taxing Entities pursuant to Section 6 and to enable development of each Designated Property in accordance with the Redevelopment Plan. Each Designated Property DDA may be sold at the fair reuse value for the corresponding Designated Property at the use and with the covenants and conditions and development costs authorized by the applicable DDA.

Upon the execution of the DDA for each Designated Property, the City shall transmit a copy of the executed DDA to each of the other Parties that has submitted a request that such copies be provided to it.

The City reserves the right to dispose of properties by other means, including without limitation by means of selling properties after listing properties or by auction, in the event it becomes impracticable, as determined in good faith by the City, to dispose of the Designated Properties in the manner described in the first paragraph of this Section 5.

Section 6. Compensation To Taxing Entities Related To Disposition Proceeds.

(a) Distribution of Disposition Proceeds. Within fifteen (15) days after the Disposition Proceeds Receipt Date with respect to each Designated Property, the City shall remit the Disposition Proceeds for that Designated Property to the Auditor-Controller for subsequent distribution by the Auditor-Controller among the Taxing Entities in proportion to their shares of the base property tax (the "Applicable Shares"), as determined by the Auditor-Controller pursuant to Health and Safety Code Section 34188. The attached Exhibit B shows, for illustrative purposes only, the Applicable Shares of the Taxing Entities that would have applied to a distribution under this Section 6 had the distribution been made on January 1, 2015, as provided by the Auditor-Controller.

(b) Accounting Requirements. At the time of each distribution pursuant to subsection (a), the City shall provide to the Taxing Entities and the Auditor-Controller a statement

prepared in accordance with sound accounting practice that provides the City's calculation of the Disposition Proceeds (the "Disposition Proceeds Statement"). The City shall keep complete, accurate and appropriate books and records of its calculation of the Disposition Proceeds with respect to each distribution. The Auditor-Controller shall have the right, on behalf of the Taxing Entities and upon reasonable written notice to City, to audit and examine such books, records and documents and other relevant items in the possession of City, but only to the extent necessary for a proper determination of Disposition Proceeds.

Section 7. Compensation To Taxing Entities Related To Interim Municipal Use Annual Operating Proceeds.

(a) Applicability. The provisions of this Section 7 shall apply for each Fiscal Year in which one or more of the Designated Properties is used for an Interim Municipal Use and generates Interim Municipal Use Annual Operating Proceeds to the City (each, an "Applicable Fiscal Year"). Nothing in this Agreement shall obligate the City to charge any fees or other amounts or to collect any revenues with respect to an Interim Municipal Use of any of the Designated Properties.

(b) Distribution of Interim Municipal Use Annual Operating Proceeds. Within ninety (90) days after the end of each Applicable Fiscal Year, the City shall remit the Interim Municipal Use Annual Operating Proceeds for that Applicable Fiscal Year to the Auditor-Controller for subsequent distribution by the Auditor-Controller among the Taxing Entities in proportion to their Applicable Shares, as determined by the Auditor-Controller pursuant to Health and Safety Code Section 34188. The attached Exhibit B shows, for illustrative purposes only, the Applicable Shares of the Taxing Entities that would have applied to a distribution under this Section 7 had the distribution been made on January 1, 2015, as provided by the Auditor-Controller.

(c) Accounting Requirements. At the time of each distribution pursuant to subsection (a), the City shall provide to the Taxing Entities and the Auditor-Controller a statement prepared in accordance with sound accounting practice that provides the City's calculation of the Interim Municipal Use Annual Operating Proceeds (the "Operating Proceeds Statement"). The City shall keep complete, accurate and appropriate books and records of its calculation of the Interim Municipal Use Annual Operating Proceeds with respect to each distribution. The Auditor-Controller shall have the right, on behalf of the Taxing Entities and upon reasonable written notice to City, to audit and examine such books, records and documents and other relevant items in the possession of City, but only to the extent necessary for a proper determination of the Interim Municipal Use Annual Operating Proceeds.

Section 8. Term of Agreement; Early Termination.

(a) Term. The term of this Agreement shall commence on the Effective Date and, unless sooner terminated as otherwise provided in this Agreement, shall expire upon the distribution by the City of all amounts owed to the Taxing Entities under this Agreement.

(b) Early Termination. Notwithstanding any other provision of this Agreement or the LRPMP, a Party may terminate this Agreement upon written notice to the other Parties if a court order, legislation, or DOF policy reverses the DOF's directive regarding the need for compensation agreements generally or this Agreement, specifically, and the payment of compensation by the City pursuant to Health and Safety Code Section 34180(f) (an "Early Termination"). An Early Termination shall become effective five (5) days after the terminating Party

delivers the required notice to the other Parties in accordance with Section 9(a). Upon effectiveness of an Early Termination, no Party shall have any further rights or obligations under this Agreement, and the City may retain the Disposition Proceeds from the disposition of any Property for which the City has not yet received the Disposition Proceeds as of the effective date of the Early Termination, and may retain any Interim Municipal Use Annual Operating Proceeds for which the City was not required to make the distribution to the Taxing Entities as of the effective date of the Early Termination; provided, however, that the City shall have no right to recover any Disposition Proceeds or any Interim Municipal Use Annual Operating Proceeds from any Taxing Entity that were distributed by the City prior to the effective date of the Early Termination.

Section 9. Miscellaneous Provisions.

(a) Notices. All notices, statements, or other communications made pursuant to this Agreement to another Party or Parties shall be in writing, and shall be sufficiently given and served upon the Party if sent by (1) United States certified mail, return receipt requested, postage prepaid, or (2) nationally recognized overnight courier, with charges prepaid or charged to sender's account, and addressed to the applicable Party in the manner specified in the attached Exhibit A. Any Party may change its address for notice purposes by written notice to the other Parties prepared and delivered in accordance with the provisions of this Section 9(a).

(b) No Third Party Beneficiaries. There shall be no third party beneficiaries of this Agreement. No person or entity other than the Parties and their permitted successors and assigns, shall have any right of action under this Agreement.

(c) Litigation Regarding Agreement. In the event litigation is initiated attacking the validity of this Agreement, each Party shall in good faith defend and seek to uphold the Agreement; provided, however, that the costs of such litigation shall be borne solely by the City and/or the Successor Agency.

(d) State Law; Venue. This Agreement, and the rights and obligations of the Parties hereto, shall be construed and enforced in accordance with the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Kern County, California or in the Federal District Court for the Eastern District of California.

(e) Entire Agreement; Amendment. This Agreement constitutes the entire and integrated agreement of the Parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be modified only in writing and only if signed by all of the Parties and approved by the Oversight Board and the DOF, except as otherwise provided below. If, at the time of a proposed amendment of this Agreement, the Successor Agency and the Oversight Board have been terminated in accordance with the applicable provisions of the Redevelopment Dissolution Statutes, then the proposed amendment shall not require execution by the terminated Successor Agency or approval by the terminated Oversight Board. In that event, to obtain the approval of the DOF for such proposed amendment, the City shall transmit the proposed amendment to the DOF on behalf of the remaining Parties and seek the timely approval by the DOF for such amendment.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The signature page of any counterpart may be detached therefrom without impairing the

legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Parties. Any executed counterpart of this Agreement may be delivered to the other Parties by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

(g) Non-Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement will be effective unless it is in writing and signed by the waiving Parties.

(h) No Partnership. Nothing contained in this Agreement shall be construed to constitute any Party as a partner, employee, joint venturer, or agent of any other Party.

(i) Ambiguities. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

(j) Exhibits. The following exhibits are incorporated in this Agreement by reference:

Exhibit A: List of Addresses For Notice Purposes

Exhibit B: Illustrative Taxing Entities Applicable Shares of Property Taxes

(k) Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

(l) Action or Approval. Whenever action and/or approval by the City is required under this Agreement, the City Manager or his or her designee, who must be an employee of the City, may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration. Whenever action and/or approval by the Successor Agency is required under this Agreement, the Executive Director or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the Executive Director determines in his or her discretion that such action or approval requires referral to the Successor Agency Board for consideration.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the dates set forth in the opening paragraph of this Agreement.

For Attestation and/or Approval
as to Form (Optional)

For Execution
(Required)

SUCCESSOR AGENCY OF THE
RIDGECREST REDEVELOPMENT AGENCY

By: _____

Print Name: _____

Title: _____

CITY OF RIDGECREST

By: _____

Print Name: _____

Title: _____

COUNTY OF KERN

By: _____

Print Name: _____

Title: _____

KERN COUNTY FIRE FUND

By: _____

Print Name: _____

Title: _____

For Attestation and/or Approval
as to Form (Optional)

For Execution
(Required)

KERN COUNTY OFFICE OF EDUCATION

By: _____

Print Name: _____

Title: _____

KERN COUNTY WATER AGENCY

By: _____

Print Name: _____

Title: _____

EASTERN KERN COUNTY RESOURCES
CONSERVATION DISTRICT

By: _____

Print Name: _____

Title: _____

SIERRA SANDS UNIFIED SCHOOL
DISTRICT

By: _____

Print Name: _____

Title: _____

KERN COMMUNITY COLLEGE DISTRICT

By: _____

Print Name: _____

Title: _____

For Attestation and/or Approval
as to Form (Optional)

For Execution
(Required)

EXHIBIT A

LIST OF ADDRESSES FOR NOTICE PURPOSES

Successor Agency of the Ridgecrest Redevelopment Agency
100 W. California Avenue
Ridgecrest, CA 93555-4054
Attn: Executive Director

City of Ridgecrest
100 W. California Avenue
Ridgecrest, CA 93555-4054
Attn: City Manager

County of Kern
Board of Supervisors
1115 Truxtun Avenue
Bakersfield, CA 93301
Attn: County Administrator

Kern County Fire Fund
County of Kern
1115 Truxtun Avenue
Bakersfield, CA 93301

Eastern Kern County Resources Conservation District
300 S. Richmond Road
Ridgecrest, CA 93555

Kern County Office of Education
1300 17th Street, City Centre
Bakersfield, CA 93301-4533

Sierra Sands Unified School District
113 W. Feldspar
Ridgecrest, CA 93555

Kern Community College District
2100 Chester Avenue
Bakersfield, CA 93301

EXHIBIT B

ILLUSTRATIVE TAXING ENTITIES
APPLICABLE SHARES OF PROPERTY TAXES

<u>Taxing Entity/Fund</u>	<u>Property Tax Share</u>
County of Kern ¹	32.7532%
Eastern Kern County Resources Conservation District	.0803%
Kern County Water Agency	.8014%
Kern County Office of Education	1.9130%
Sierra Sands Unified School District ²	48.0743%
City of Ridgecrest	9.6089%
Kern Community College District	6.7689%
TOTAL	100.0000%

¹ Includes County general fund (0.230822), County advertising (0.001093), and County fire fund (0.095617).

² Includes funds 82082 and 83050.

Local Taxing Agencies

 County of Kern

 Indian Wells Water District

 Kern County Water Agency

 Sierra Sands Unified School District

 Kern County Community College District

This Page Intentionally Left Blank

LONG-RANGE PROPERTY MANAGEMENT PLAN

CITY OF RIDGECREST SUCCESSOR AGENCY



Prepared By:



KOSMONT COMPANIES

865 S. Figueroa Street, #3500

Los Angeles, CA 90017

Telephone: (213) 417-3300

www.kosmont.com

FEBRUARY 11, 2014

Table of Contents

Section	Page
1.0 Introduction	3
2.0 Long-Range Property Management Plan.....	6
<i>Property #1:Flood Control Site</i>	<i>6</i>
<i>Property #2: Ridgecrest Business Park</i>	<i>10</i>
<i>Property #3: 227 Desert Candles Street</i>	<i>14</i>
3.0 Attachments	17



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

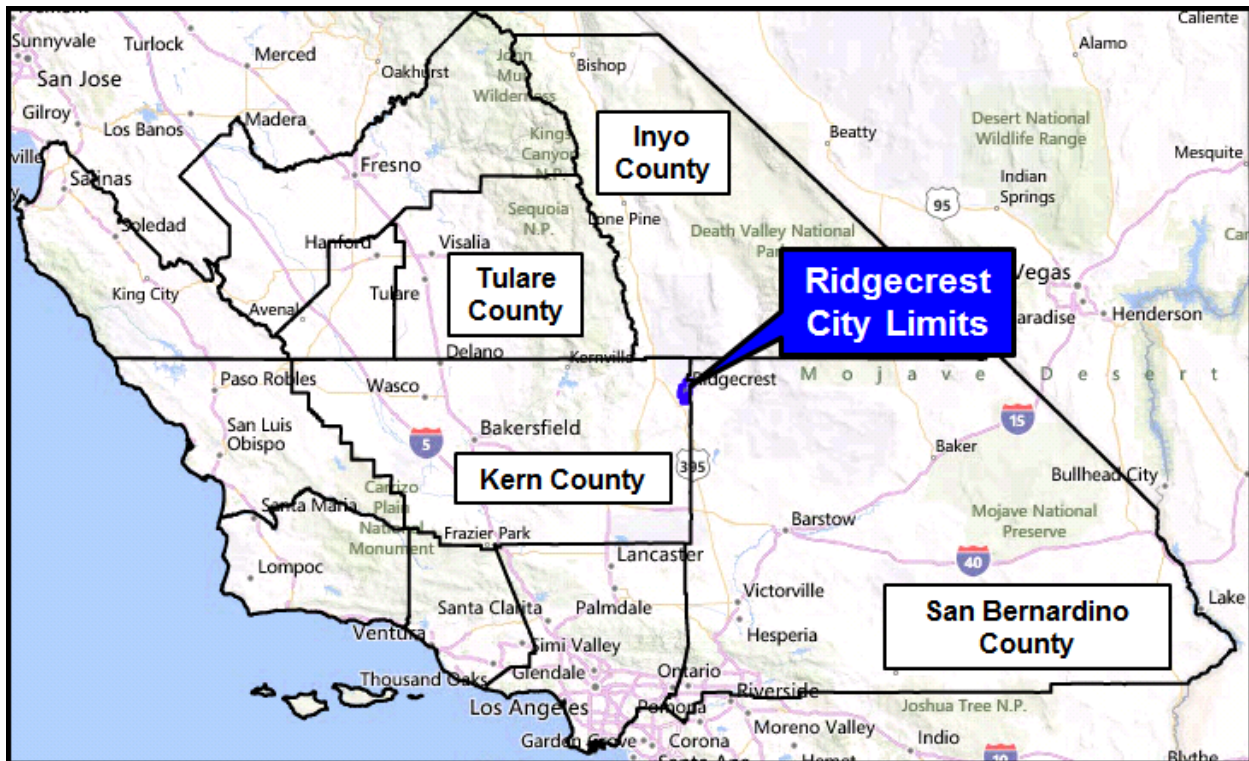
865 South Figueroa Street, 35th Floor Los Angeles California 90017 ph 213.417.3300 fax 213.417.3311

1.0 Introduction

1.1 Background & Purpose

Health and Safety Code Section 34191.5, added by AB 1484 (signed into law on June 27, 2012), requires each Successor Agency (“SA”) to prepare and approve a Long-Range Property Management Plan (“LRPMP”) that addresses the disposition and use of the real properties of the former redevelopment agency. Properties held by a successor agency cannot be disposed of until the State Department of Finance (“DOF”) has approved the LRPMP. This document is the LRPMP for the SA to the former City of Ridgecrest Redevelopment Agency (“RDA”).

Table 1.1: City Location Map



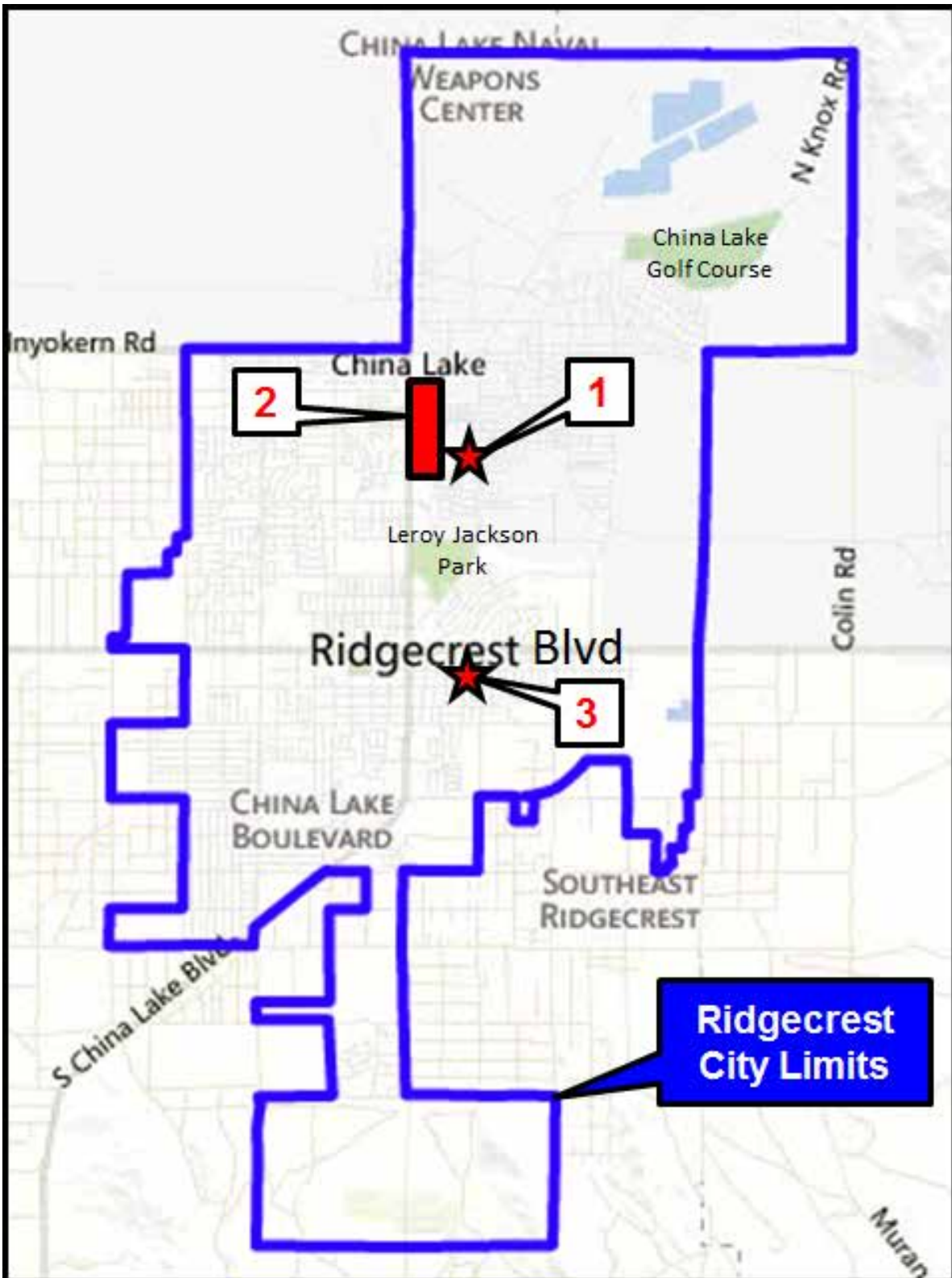
1.2 Successor Agency Property Summary

The SA / former RDA owns four (3) district properties (comprised of 26 parcels) in the City of Ridgecrest. Of these properties, one (1) distinct property (comprised of 1 parcel) is a governmental use property that is proposed to be transferred to the City to continue exclusive governmental use. One (1) distinct property (comprised of 24 parcels) is designated to be transferred to the City for future development. The remaining one (1) distinct property (comprised of 1 parcel) is designated for liquidation, with sale proceeds to be distributed as property tax to local taxing entities. Table 1.2 below summarizes the recommendations for disposition for the LRPMP properties, and Exhibit 1.2 on the following page includes a map of the SA properties.

Table 1.2: Successor Agency Property Summary

#	Address / Description	APN	Purpose			
			Gov't	Future Dev.	Liquid.	Enf. Oblig.
1	Flood Control Site	033-050-23	X			
2	Ridgecrest Business Park	033-070-01 033-070-02 033-070-03 033-070-05 033-070-06 033-070-07 033-070-08 033-070-09 033-070-10 033-070-11 033-070-12 033-070-14 033-070-15 033-070-16 033-070-28 033-070-29 033-070-30 033-070-31 033-070-32 033-070-33 033-070-34 033-070-35 033-070-36 033-070-41		X		
3	227 Desert Candles St.	080-161-25			X	

Exhibit 1.2: Map of Successor Agency Properties



2.0 Long-Range Property Management Plan (PMP)

Property #1: Flood Control Site



Parcel Data – Property #1	
Address	N/A
APN	033-050-23
Lot Size	12.43 acres
Use	This property is a vacant lot, the majority which contains a natural depression of approximately 3 feet in depth utilized as essential flood control public infrastructure supporting the surrounding property, including the planned Ridgecrest Business Park Redevelopment Project.
Zoning	Western ~6 acres: CS – Service Commercial (General Plan C – Commercial) Eastern ~6 acres: M1 – Light Industrial (General Plan I – Industrial)
Current Title	Ridgecrest Successor Agency

Acquisition & Valuation Information – Property #1	
Purchase Date	April 2003
Purchase Price	Former Redevelopment Agency property valued at \$163,097 was exchanged for the subject Property valued at \$245,025
Funding Source	Tax increment
Purpose	Acquired by the Ridgecrest Redevelopment Agency as essential flood control public infrastructure for surrounding property, including the planned Ridgecrest Business Park Redevelopment Project
Estimate of Current Value	\$0.00
Method of Valuation	Non-revenue generating public amenity

Revenues Generated by Property & Contractual Requirements – Property #1	
No Revenues or Contractual Requirements	There are currently no revenues generated by this property and no contractual requirements.

History of Environmental Contamination or Remediation Efforts – Property #1	
None	No known history of environmental contamination, designation, as Brownfield site, or remediation.

Transit-Oriented Development & Agency Planning Objectives – Property #1

Potential for TOD	Not applicable
Agency Planning Objectives	Utilizing the site as essential flood control public infrastructure meets a number of the Agency’s goals from the approved Five-Year Implementation Plan (adopted February 12, 2010), including Redevelopment Plan Goal #3 (“ACCESS” / Improve Community Facilities) and Redevelopment Plan Goal #4 (“GROW” / Cultivate New Investment). Additionally, public infrastructure on this property supports the planned Ridgecrest Business Park Redevelopment Project as explicitly characterized within the approved Five-Year Implementation Plan. ¹

Brief History of Previous Development Proposals and Activities – Property #1

History	There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.
----------------	--

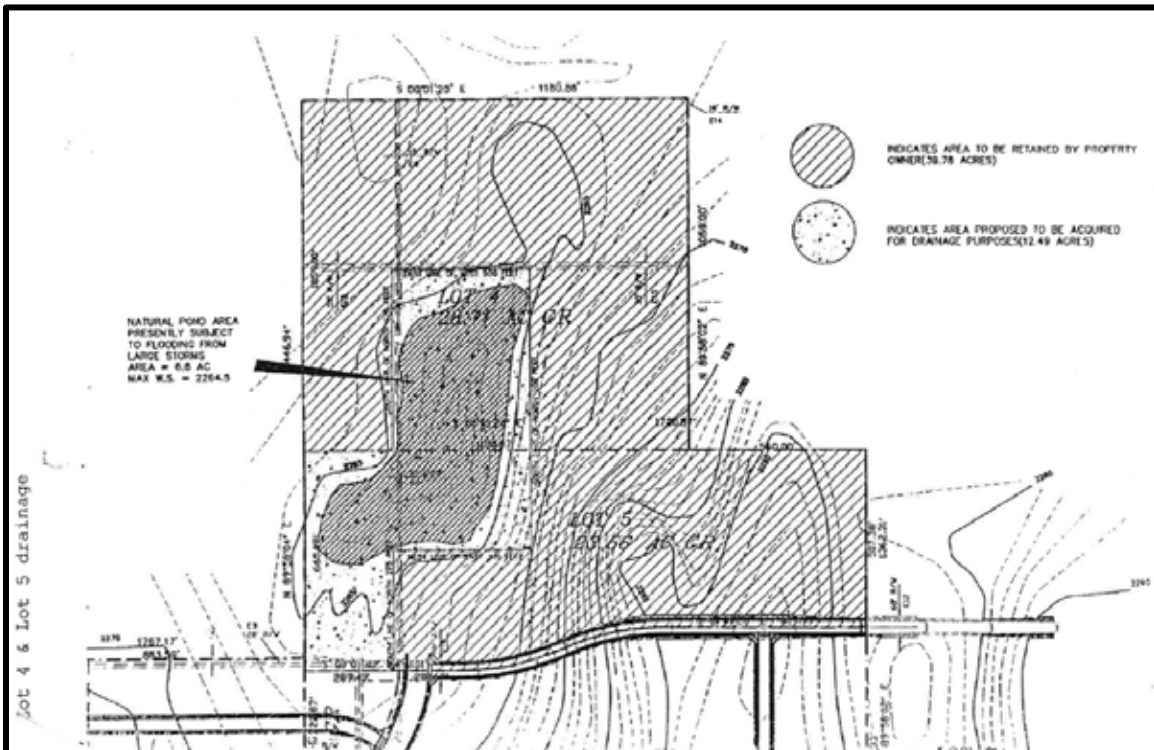
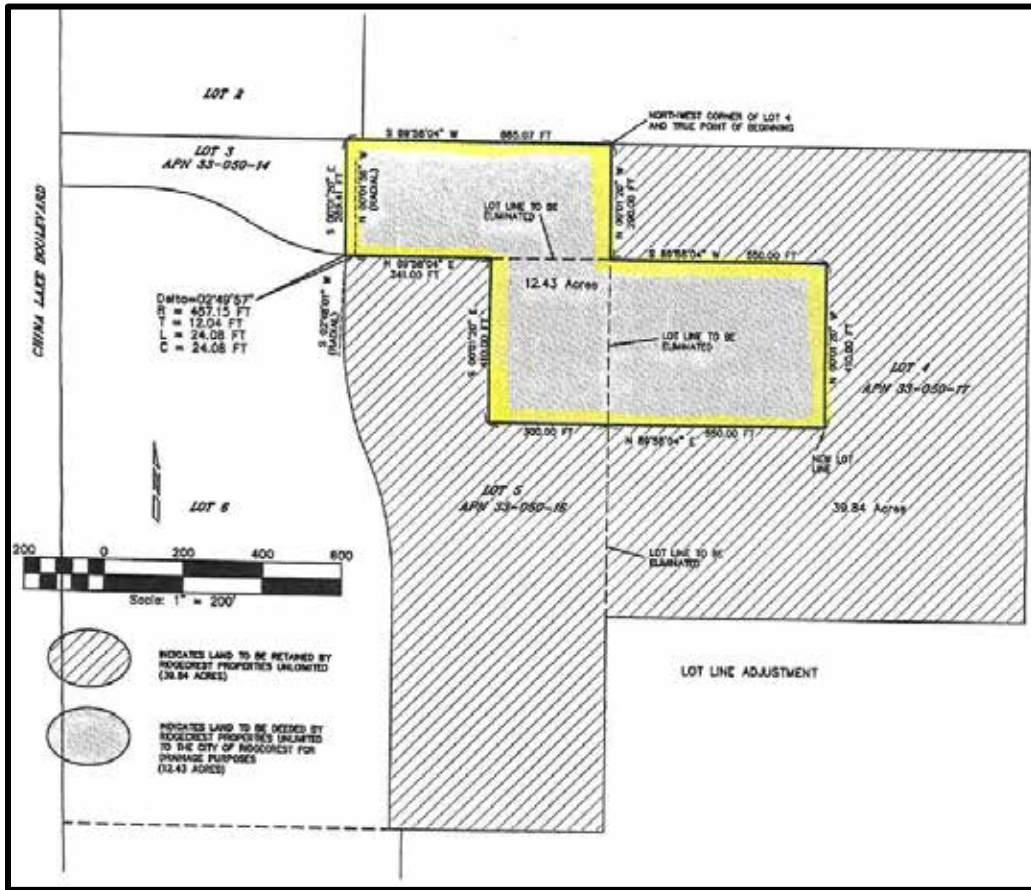
Recommendation for Disposition – Property #1

Retain for Government Use	Retention of the property by the City for government use is consistent with the goals in the approved City of Ridgecrest Redevelopment Agency Implementation Plan adopted February 12, 2010. Health and Safety Code Section 34181(a) allows for the City to retain title to property constructed and used for governmental purpose such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.
----------------------------------	--

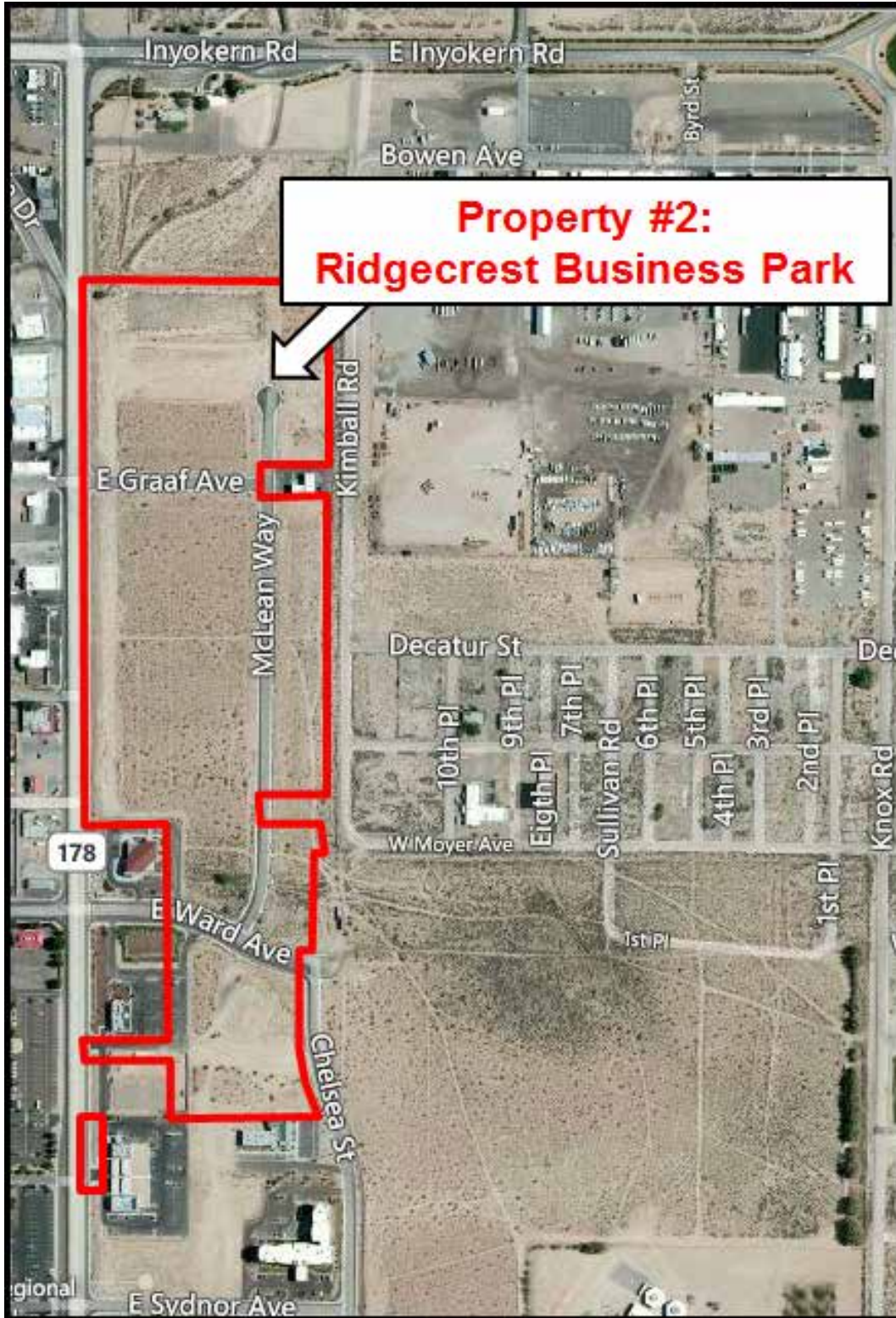
¹ See pages 4-5 of 17 of the approved City of Ridgecrest Redevelopment Project Implementation Plan (attached) for a list of goals and planned Redevelopment Projects for the Redevelopment Agency



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.



Property #2: Ridgecrest Business Park



Parcel Data – Property #2	
Address	N/A
APN	033-070-01 through 03 033-070-05 through 12 033-070-14 through 16 033-070-28 through 36 033-070-41 (24 total parcels)
Lot Size	Approximately 36.1 acres
Use	This property is a vacant lot, designated for the planned Ridgecrest Business Park Redevelopment Project
Zoning	CS – Service Commercial (General Plan C – Commercial)
Current Title	Ridgecrest Successor Agency

Acquisition & Valuation Information – Property #2	
-Purchase Date	May 2000
Purchase Price	\$348,480 cash plus \$1,853,478 promissory note due to China Lake Properties limited partnership to be adjusted as delineated in Section 1.3 of attached Ridgecrest Business Park Purchase and Sale Agreement, including condition of sharing of 50% of sale proceeds from eventual sale of a portion of the property by the former Redevelopment Agency following development of the planned Ridgecrest Business Park Redevelopment Project.
Funding Source	Tax increment
Purpose	This property was acquired by the Ridgecrest Redevelopment Agency to implement a significant Business Park Redevelopment Project to facilitate investment and revitalization in this commercial and industrial area of the City.
Estimate of Current Value	\$1,853,478
Method of Valuation	Appraisal dated October 13, 2003

Revenues Generated by Property & Contractual Requirements – Property #2	
Contractual Requirements Upon Sale of Property	There are currently no revenues generated by this property. There are contractual requirements involving the sharing of sale proceeds generated by the eventual sale of the property by the former Redevelopment Agency following development of the planned Ridgecrest Business Park Redevelopment Project as delineated in Section 1.3 of attached Ridgecrest Business Park Purchase and Sale Agreement.

History of Environmental Contamination or Remediation Efforts – Property #2	
None	No known history of environmental contamination, designation as Brownfield site, or remediation.

Transit-Oriented Development & Agency Planning Objectives – Property #2	
Potential for TOD	Not applicable
Agency Planning Objectives	<p>Development of the site as the Ridgecrest Business Park meets a number of the Agency’s goals from the approved Five-Year Implementation Plan (adopted February 12, 2010), including Redevelopment Plan Goal #1 (“CLEAN” / Update and Renovate) and Redevelopment Plan Goal #4 (“GROW” / Cultivate New Investment).</p> <p>More directly, the Ridgecrest Business Park Redevelopment Project is explicitly characterized within the approved Five-Year Implementation Plan as a planned implementation activity of the former Redevelopment Agency.²</p>

Brief History of Previous Development Proposals and Activities – Property #2	
History	Since Agency acquisition of this property in May 2000, the City has invested U.S. Economic Development Administration (EDA) grant funds of approximately \$1.7 million into public infrastructure (street) improvements on and surrounding the property.

Recommendation for Disposition – Property #2	
Retain for Future Development	Health and Safety Code Section 34191.5 (c) (2)(A) allows for the City to retain title to property for development that is included in an approved redevelopment plan. The future development of the property by the City is consistent with the approved Redevelopment Plan adopted February 12, 2010 as noted above.

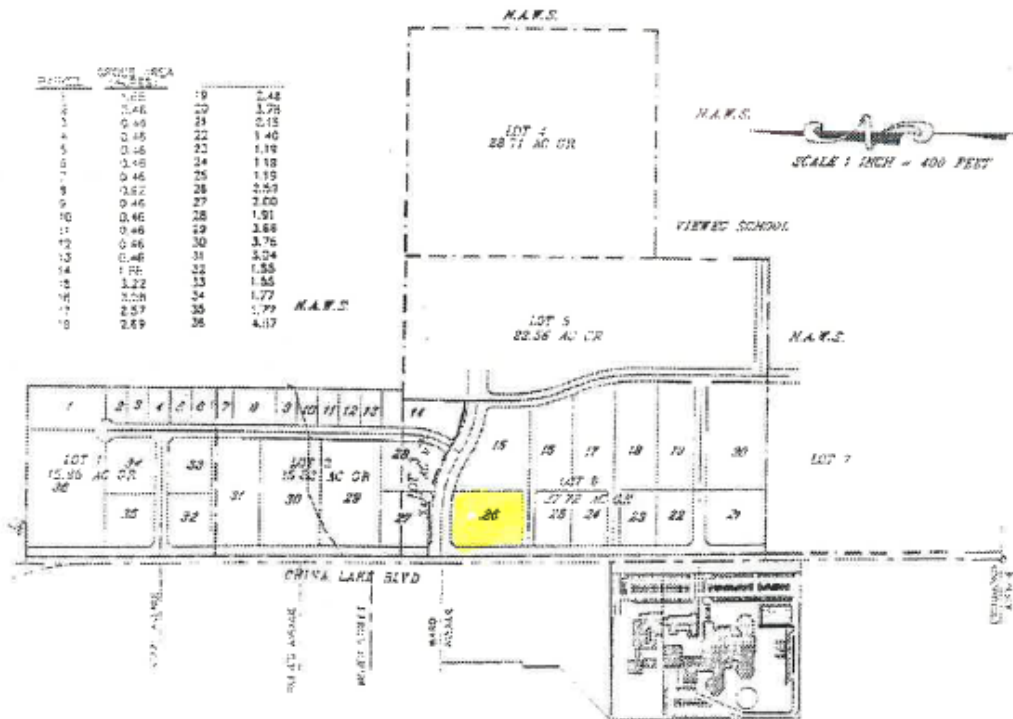
² See pages 4-5 of 17 of the approved City of Ridgecrest Redevelopment Project Implementation Plan (attached) for a list of goals and planned Redevelopment Projects for the Redevelopment Agency

"The Ridgecrest Business Park"

The Ridgecrest Business Park

East side of N. China Lake Blvd.
 At the north entrance to the City of Ridgecrest

A new 63 acre business, technology, and medical Business park
 Opening Winter of 2001



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

865 South Figueroa Street, 35th Floor Los Angeles California 90017 ph 213.417.3300 fax 213.417.3311

Property #3: 227 Desert Candles Street





Parcel Data – Property #3

Address	227 Desert Candles St.
APN	080-161-25
Lot Size	0.24 acres
Use	This property contains a vacant, dilapidated single family residential dwelling
Zoning	R-1 – Single Family Residential (General Plan RL – Residential Low)
Current title	Ridgecrest Successor Agency

Acquisition & Valuation Information – Property #3

Purchase Date	October 1998
Purchase Price	\$1.00
Funding Source	Low Income Housing Set-Aside Funds
Purpose	Future low-income housing development
Estimate of Current Value	\$40,000
Method of Valuation	Comparable sales with consideration of significant rehabilitation costs necessary on the property

Revenues Generated by Property & Contractual Requirements – Property #3	
No Revenues or Contractual Requirements	There are currently no revenues generated by this property and there are no contractual requirements related to this property.

History of Environmental Contamination or Remediation Efforts – Property #3	
None	No known history of environmental contamination, designation as Brownfield site, or remediation.

Transit-Oriented Development & Agency Planning Objectives – Property #3	
Potential for TOD	Not applicable
Agency Planning Objectives	Future development of this property by a private third party as a residential project has potential to meet Redevelopment Plan Goal #6 (“LIVE” / Housing for All) from the approved Five-Year Implementation Plan (adopted February 12, 2010). ³

Brief History of Previous Development Proposals and Activities – Property #3	
History	Purchased from U.S. Department of Housing and Urban Development (HUD) in 1998 for future low-income housing development. Multiple attempts were made to transfer to third parties for development; however dilapidated conditions and the presence of a pool on the property have made it difficult to facilitate development.

Recommendation for Disposition – Property #3	
Liquidation	Sale of property to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies pursuant to AB 1484.

³ See pages 4-5 of 17 of the approved City of Ridgecrest Redevelopment Project Implementation Plan (attached) for a list of goals and planned Redevelopment Projects for the Redevelopment Agency

3.0 Attachments

- A. Approved City of Ridgecrest Redevelopment Project Five-Year Implementation Plan (February 12, 2010)**
- B. Parcel Map – Ridgecrest Business Park**
- C. Purchase and Sale Agreement – Ridgecrest Business Park**

ATTACHMENT A:

**Approved City of Ridgecrest Redevelopment
Project Implementation Plan (February 12, 2010)**

FIVE YEAR IMPLEMENTATION PLAN

RIDGECREST REDEVELOPMENT PROJECT

FY 2009-10 through 2013-14



FEBRUARY 12, 2010



RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan: FY 2009-10 through 2013-14

ABOUT THIS IMPLEMENTATION PLAN

In 1993, the State Legislature enacted Assembly Bill 1290 requiring all redevelopment agencies to adopt five year implementation plans and ten year housing compliance plans. In fulfillment of Article 16.5 of California Community Redevelopment Law ("CRL"), the Ridgecrest Redevelopment Agency ("Agency") has prepared this Implementation Plan for the Ridgecrest Redevelopment Project Area ("Implementation Plan"). This Implementation Plan is the Agency's fourth Implementation Plan and covers fiscal years 2009-10 through 2013-14. Included in this Implementation Plan are the Agency's anticipated redevelopment and affordable housing programs during the five year planning period.

This Implementation Plan conforms to the City's General Plan and has been prepared according to guidelines established in the programs and goals outlined in the Housing Element of the General Plan.

ABOUT THIS IMPLEMENTATION PLAN	1
ABOUT THE PROJECT AREA	2
Who, What, When, Where, and Why	2
REDEVELOPMENT PLAN GOALS.....	4
Community Reinvestment and Revitalization	4
PROPOSED REDEVELOPMENT PROJECTS AND PROGRAMS	4
Five Year Work Program for Reinvestment & Revitalization	5
PROPOSED HOUSING PROJECTS AND PROGRAMS	8
Five Year Work Program for Building Community Assets	8
AFFORDABLE HOUSING PROGRAM COMPLIANCE OBJECTIVES	10
Ten Year Outlook of Affordable Housing	10
HOUSING PRODUCTION.....	11
REPLACEMENT HOUSING NEEDS	14
LOW AND MODERATE INCOME HOUSING FUND	14

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

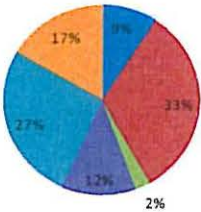
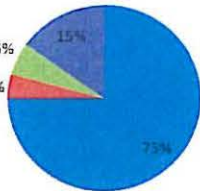
ABOUT THE PROJECT AREA

Who, What, When, Where, and Why

The City of Ridgecrest ("City") encompasses 13,691 acres in Kern County near the southern portion of the Indian Wells Valley. The City is surrounded by four mountain ranges: the Sierra Nevada on the west, the Cosos on the north, the Argus Range on the east, and the El Paso Mountains on the south. It is approximately 80 miles from the Lancaster/ Palmdale area and approximately 125 miles from both Bakersfield and San Bernardino, the three nearest major urban centers.

Prior to the establishment of the Naval Ordinance Test Station (NOTS) at China Lake in 1943, the community consisted of a few scattered farms and homesteads. Ridgecrest was founded in 1963, after development during the 1950s and 1960s housing and services for Federal employees and contractors. NOTS, later China Lake Naval Weapons Center (NWC) and now the China Lake Naval Air Weapons Station (NAWS), continue to be the major source of employment for Ridgecrest residents. At the same time NAWS depends increasingly upon Ridgecrest for services. The economic stability Ridgecrest has enjoyed as a service community for the NAWS has been essential to its successful emergence as a community in its own right.

On November 16, 1986, the City Council adopted the Ridgecrest Redevelopment Plan and Project Area. The Project Area represents 54 percent of the total city-wide acreage, with the remainder of the City's acreage falling within NAWS and several vacant lot on the outskirts of the City. The Project Area is generally bound by Inyokern Road to the north, the Kern County limit to the east, College Heights Boulevard to the south, and Mahan Street to the west. The Project Area encompasses approximately 7,405 acres and contains a mix of land uses, predominantly residential and governmental. Other uses within the Project Area include commercial, industrial, and other miscellaneous land uses.

Notable Timeframes and Limitations		Land Uses	Population
Redevelopment Plan	Adopted 11/16/1986 Expires 11/16/2027	7,405 Acres	26,767 People ³
Final Date to Incur Indebtedness	None	 <ul style="list-style-type: none"> Commercial Government Industrial Miscellaneous Residential Vacant 	 <ul style="list-style-type: none"> White Black Asian/Pacific Islander Other
Eminent Domain Authority	N/A		
Final Date to Collect Tax Increment Revenue	11/16/2037		
Annual Tax Increment Revenue Limit ¹	\$ 20,063,181		
Total Bonded Indebtedness Limit ²	\$ 200,631,814		

¹ The annual Tax Increment Revenue Limit is adjusted annually by a Consumer Price Index (CPI) Inflationary factor. The Revenue Limit in 1986 was \$10,000,000.

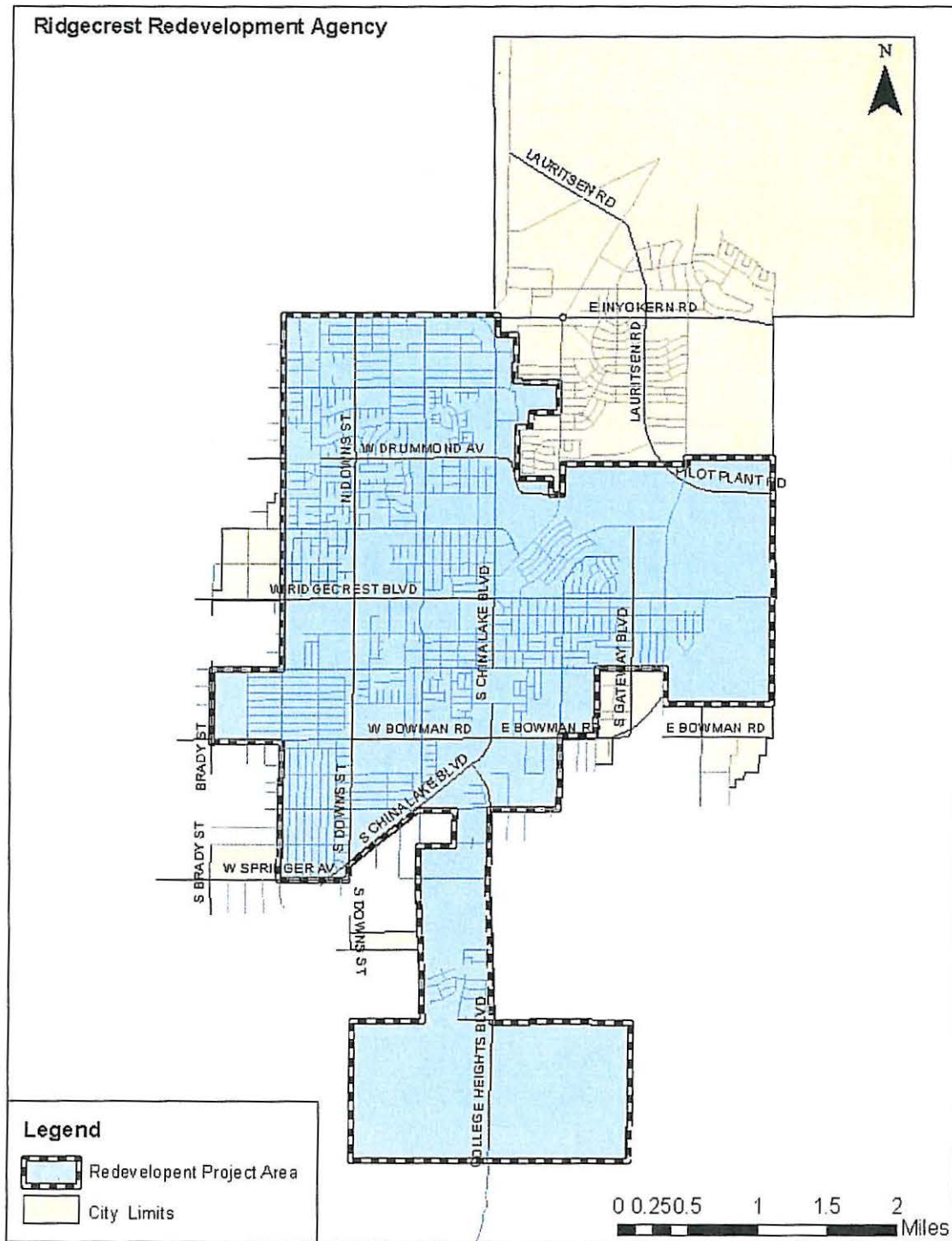
² The Total Bonded Indebtedness Limit is adjusted annually by a Consumer Price Index (CPI) Inflationary factor. The Indebtedness Limit in 1986 was \$100,000,000.

³ 2009 population estimate from ESRI, based on 2000 Census information. Hispanic/Latino is not considered a separate racial category by the Census Bureau. Of the 26,767 people in Ridgecrest, 5,062 (18.9%) identify themselves as being of Hispanic origin.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

RIDGECREST REDEVELOPMENT PROJECT AREA



RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

REDEVELOPMENT PLAN GOALS

Community Reinvestment and Revitalization

Adopted in 1986, the Redevelopment Plan establishes a variety of goals for redevelopment of the Project Area; these goals frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan goals are listed below:



CLEAN

Update and Renovate. To stimulate and provide new private investment opportunities by revitalizing property characterized by deterioration or blight, and to encourage continued investment in the older commercial and industrial areas of the City. To remedy, remove and prevent blight and economic obsolescence.



SHOP

Revitalize the Downtown. Develop Ridgcrest as a regional center for shopping, business services, and a variety of recreational experiences by strengthening retail and other commercial functions.



ACCESS

Improve Community Facilities. To eliminate circulation problems through the reconstruction and improvement of existing streets in the project area. To improve inadequate public utilities, infrastructure and civic facilities which impair and, in some cases, prevent development allowed by the General Plan.



GROW

Cultivate New Investment. To remove physical restraints such as existing subdivision patterns which inhibit market forces for redevelopment or reuse. To provide for the expansion, renovation and relocation of businesses within the Project Area to enhance their economic viability.



HELP

Encourage Participation. Develop an effective local government that is responsive to the identified public service needs of the community, and maximize community participation in policy decisions. To encourage the cooperation and participation of residents, business, business persons, public agencies, and community organizations in the redevelopment process and activities.



LIVE

Housing for All. Facilitate provision of a range of housing by location, type, and price to meet the growth needs of the City. Promote affordable housing opportunities in compliance with the CRL and promote rehabilitation of the existing housing stock where appropriate.







RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

PROPOSED REDEVELOPMENT PROJECTS AND PROGRAMS

Five Year Work Program for Reinvestment & Revitalization

Over the next five years, the Agency plans to implement the following redevelopment projects and programs using available non-housing redevelopment funds. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved¹.

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p>Ridgecrest Business Park The Agency will promote the expansion of and upgrade local commercial facilities by providing funding for exterior and interior rehabilitation. The Agency will also fund the installation of a traffic signal at China Lake Blvd and Ward St. This project encompasses over 5.3 acres and contains 36 parcels located on North China Lake Boulevard.</p> <p>Completion of this program would address vacant buildings, low lease rates, and dilapidated buildings in the Project Area.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$2,000,000</p>	 <p>GROW</p>  <p>CLEAN</p>
<p>Ridgecrest Industrial Park Development The Agency will promote the conversion of an existing and planned 81-acre industrial park near West Inyokern Road and Mahan Street into a mixed use development featuring research and development, manufacturing, and commercial uses.</p> <p>Completion of this project would address high vacancy rates, low lease rates, factors hindering the viable use of buildings and parcels.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$500,000</p>	 <p>GROW</p>  <p>CLEAN</p>
<p>Capital Infrastructure Improvements Design and reconstruct infrastructure at West Ridgecrest Boulevard, College Height Street, and Norma Street. Projects will include traffic improvements, curbs, gutters, and sidewalks where necessary.</p> <p>Completion of these projects would address factors hindering the viable use of buildings or lots.</p> <p><i>Timeframe</i>.....2010-14</p>	<p>\$6,800,000</p>	 <p>ACCESS</p>  <p>GROW</p>

¹ Costs are subject to change, and completion of these projects may require future action by the Agency.


RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p>Corporate City Yard Design and construction of a Corporate City Yard incorporating public works, street maintenance, central garage fleet operations, parks and recreation, transit and other ancillary operations to a central location.</p> <p>Completion of this project would facilitate development of inadequate lots and vacant properties.</p> <p><i>Timeframe</i>.....2010-12</p>	\$3,000,000	 CLEAN
<p>Agency Economic Development, Business Retention, and/or Incentive Grant Program The Agency will provide grants and loans to provide development, relocation, or a loan funding aimed to increase jobs or employment opportunities within the City.</p> <p>Completion of this program will decrease business vacancies and increase low lease rates. It will also create and retain jobs within the Project Area.</p> <p><i>Timeframe</i>.....2010-14</p>	\$2,750,000	 CLEAN  GROW
<p>Agency Improvement, Façade, and Business Retention Olde Towne Enhancement Grant Program The Agency may provide revolving loans to stimulate economic growth, business development, and business retention within the Project Area. Loan proceeds may be utilized to offset Development Impact Fees or Drainage and/or Traffic Fees for commercial, industrial, professional services, or retail properties.</p> <p>Completion of this program will decrease business vacancies and increase low lease rates. It will also create and retain jobs within the Project Area.</p> <p><i>Timeframe</i>.....2011-14</p>	\$1,000,000	 SHOP  CLEAN
<p>Civic Center Solar Realignment Energy Project The Agency will participate in an alternative Solar Energy Project to install a .5 megawatt photo-voltaic facility to provide heating, air conditioning, and electrical power for the civic center and community center. The project will replace inefficient, aging, and overloaded systems with new energy efficient systems.</p> <p>Completion of this project will improve public facilities.</p> <p><i>Timeframe</i>.....2011-13</p>	\$500,000	 CLEAN

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p>Parks and Recreation The Agency will acquire land to expand the Kerr McGee Youth Sports Complex, and will fund the rehabilitation and construction of facilities, including playing fields, tennis courts, restrooms, concession stands, storage facilities, lighting, fencing, and parking at the Kerr McGee Youth Sports Facility and Jackson Sports Complex. The Agency will also conduct a Phase I study for the development of an aquatic park at a location to be determined.</p> <p>Completion of this project will provide public facilities and improve existing public facilities.</p> <p><i>Timeframe.....2011-15</i></p>	<p>\$4,935,000</p>	 GROW
<p>Other Redevelopment Initiatives</p> <p>Consistent with the Redevelopment Plan, the Agency anticipates pursuing additional projects including infrastructure, public facilities, and other non-residential projects.</p> <p>The purpose of these projects would be to eliminate persistent elements of blight in the Project Area.</p> <p><i>Timeframe.....2009-13</i></p>	<p>Contingent on available funding</p>	
<p>Total Preliminary Cost Estimate</p>	<p>\$21,485,000</p>	







RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

PROPOSED HOUSING PROJECTS AND PROGRAMS

Five Year Work Program for Building Community Assets

Over the next five years, the Agency plans to implement the following affordable housing projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved.

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p>Ridgecrest Villa Apartments Conversion</p> <p>The Agency will enter into an affordable housing agreement with the owner of a 24-unit apartment complex on 1.2 acres located at 141 West Upjohn Avenue. The Agency will provide a loan for the rehabilitation and conversion of the units to affordable senior housing. The loan will be partially forgivable upon successful completion of the conversion.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>..... 2010-11</p>	<p>\$750,000</p>	 CLEAN  LIVE
<p>Briarwood Apartment Rehabilitation</p> <p>The Agency will provide financing to rehabilitate a 48-unit apartment complex and convert the units to income restricted housing featuring long-term affordability covenants. The project is located at 831 North Norma Street and encompasses approximately 2.5 acres.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>..... 2011</p>	<p>\$ 2,500,000</p>	 CLEAN  LIVE
<p>Apartment Construction on West Argus Avenue</p> <p>The Agency will help finance the development of a 50-unit apartment complex on a 3 acre parcel located along West Argus Avenue. The project will yield very low to moderate income rental housing units featuring 55 year affordability covenants.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>..... 2011-12</p>	<p>\$2,000,000</p>	 LIVE  HELP

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

<p>Workforce Multi-Family Housing Projects</p> <p>Workforce housing units are needed throughout the community to support the service sector employment base. The Agency will identify locations of parcels approximately 2.5 acres in size to develop approximately 50 units of workforce housing. The units are anticipated to be a rental product featuring 55 year affordability covenants.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>..... 2011-14</p>	<p>\$2,000,000</p>	 <p>LIVE</p>
<p>Infill Projects for Affordable Housing</p> <p>The Agency will identify opportunities to facilitate infill housing projects on vacant parcels in the Project Area, specifically near the Ridgecrest Heights area. The Agency anticipates the development of 50 low to moderate income housing units that will be sold and feature 45 year affordability covenants.</p> <p>Completion of this project will facilitate development of inadequate lots and vacant properties, and will create affordable housing.</p> <p><i>Timeframe</i>..... 2011-14</p>	<p>\$1,500,000</p>	 <p>LIVE</p>  <p>GROW</p>
<p>Habitat for Humanity</p> <p>The Agency is working with Habitat for Humanity to provide housing to low-income families in the Project Area. The Agency anticipates that 6 single family homes with 45 year affordability covenants will be developed over the next five years.</p> <p>Completion of this project will create affordable housing.</p> <p><i>Timeframe</i>..... 2011-14</p>	<p>\$115,000</p>	 <p>LIVE</p>  <p>HELP</p>
<p>First Time Homebuyers Program</p> <p>The Agency will assist up to 18 low and moderate income first-time homebuyers by providing \$7,500 in down payment assistance to qualified applicants.</p> <p>Completion of this project will help to eliminate the blighting condition of a prevalence of depreciated property values and will create affordable housing within the Project Area.</p> <p><i>Timeframe</i>..... 2011-14</p>	<p>\$135,000</p>	 <p>LIVE</p>  <p>HELP</p>
<p>Total Preliminary Cost Estimate</p>	<p>\$9,000,000</p>	

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

AFFORDABLE HOUSING PROGRAM COMPLIANCE OBJECTIVES

Ten Year Outlook of Affordable Housing

The CRL requires all redevelopment agencies to prepare and adopt affordable housing compliance plans for successive ten year cycles, and include updates corresponding with adoption of their five year implementation plans.

This section of the Implementation Plan addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current Ten-year Compliance Period from fiscal years 2004-05 through 2013-14 ("Ten Year Planning Period"). Additionally, this section evaluates the Agency's affordable housing requirements for the life of the Redevelopment Plan.

Redevelopment agencies use implementation plans to establish ten year objectives to achieve compliance with the state law in its affordable housing programs. These housing goals generally fall into three categories:

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten year period, a redevelopment agency must ensure that a percentage of these units are affordable to low and moderate income households.
- Replacement Housing – Another legal obligation for redevelopment agencies is to ensure that any housing units destroyed or removed as a result of an Agency redevelopment project are replaced within four years.
- Expenditures by Household Types – The law establishes specific requirements on the amount of housing set-aside funds an agency must spend over the Ten Year Planning Period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

The housing program goals are described in this report.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

HOUSING PRODUCTION

Estimated Production Needs

This section of the Implementation Plan identifies all new residential construction or substantial rehabilitation that has occurred within the Project Area since adoption of the Redevelopment Plan in order to determine affordable housing production needs. It accounts for past residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during the current ten year planning period, which extends through June 30, 2014.

To date, the Agency has not directly developed or substantially rehabilitated housing units in the Project Area. However, per Section 33413(b) of the CRL, not less than 15 percent of the units produced by persons or entities other than the Agency must be affordable to low and moderate income households. In addition, not less than 40 percent of the required affordable units must be available to very low income households at an affordable housing cost. To satisfy the Agency's production requirements, new or substantially rehabilitated units must have recorded 55-year income restrictions or covenants for rental units and 45-year income restrictions or covenants for owner occupied units. The affordable housing units may be constructed inside or outside the Project Area, but units outside the Project Area may only be counted on a 2-for-1 basis. The Agency may also purchase affordability covenants on very-low or low-income multifamily units and received production credit for such purchases on a limited basis.

Table 1 summarizes the housing production activities within the Project Area, including the first five years of the Ten Year Planning Period, and identifies the projected production requirements for FY 2009-10 through 2013-14 of the Ten Year Planning Period, and over the life of the Redevelopment Plan. Historical construction and substantial rehabilitation statistics were provided by the State Department of Finance. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during the ten year planning period.

It should be noted that neither the existing housing units nor projections for future dwelling units include any units to be developed by the Agency. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, in order to fulfill the Agency's affordable housing production requirements.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area	Required Affordable Units ¹	
		Total	Very Low
Inception to 1993-94	3,059	459	184
1994-95 to 2003-04	58	9	4
Ten Year Planning Period	1,492	224	90
2004-05 to 2008-09 (Actual)	488	73	30
2009-10 to 2013-14 (Forecast)	1,004	151	60
2014-15 to 2018-19 (Forecast)	1,197	180	72
2019-20 to End of Plan (Forecast)	2,152	323	129
Redevelopment Plan Duration (1986 to 2027)	7,958	1,195	479
Notes:			
1/	All required units based on 15 percent of actual/assumed units developed by entities other than the Agency. No units developed by the Agency.		
<i>Sources: California Department of Finance, Kern KOG</i>			

In the current 2004-05 through 2013-14 planning period, actual and projected housing production is estimated to result in a need for 224 affordable units with 90 units affordable to very low income households. Over the duration of the Redevelopment Plan, the Agency is projected to need 1,195 affordable units of which 479 units must be affordable to very low income households.

The Agency has been able to obtain some of these affordable units to date, as discussed in the following section.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Housing Production Fulfillment

Table 2 identifies the Agency's anticipated plans to meet identified production requirements for the Ten Year Planning Period, and over the life of the Redevelopment Plan.

Time Period	Units Required (from Table 1)		Units Produced		Additional Units Required		Net Surplus Units Produced ^{1/}	
	Total	Very Low	Total	Very Low	Total	Very Low	Total	Very Low
10 Year Planning Period	224	90	0	0	224	90	0	0
2004-05 to 2008-09(Actual) ^{2/}	73	30	0	0	73	30	0	0
2009-10 to 2013-14(Forecast)	151	60	0	0	151	60	0	0
2014-15 to 2018-19 (Forecast)	180	72	0	0	180	72	0	0
2019-20 to End of Plan (Forecast)	323	129	0	0	323	129	0	0
Redevelopment Plan Duration ^{3/} (1986-2027)	1,195	479	487	147	708	332	0	0

Notes:

1/ The surplus affordable units in a 10-year period may be applied against the unit production requirements during the following ten-year compliance period, while any deficit affordable units must be first produced during the following ten-year compliance period.

2/ Affordable Units Required based on actual or estimated Total Units Produced during each planning period within the Project Area pursuant to CRL Section 33413 (b).

3/ Redevelopment Plan Duration totals include requirements and production from the periods between the Plan inception and 2003-04. All requirements from the 1994-95 to 2003-04 period have been fulfilled, and a surplus of 19 affordable units constructed during this time period may be used to address future needs. A deficit of 41 very low income units stemming from the pre-1994 period must be addressed before the end of the Plan Duration.

Source: City of Ridgecrest Redevelopment Agency and California Department of Finance Housing Estimates.

The Agency exceeded its affordable housing requirements during the 1994-95 to 2003-04 planning period, and carried a surplus of 19 total affordable units into the current Ten Year Planning Period. The surplus units may be used to help meet future requirements during any planning period until the end of the Redevelopment Plan duration. However, the Agency does have a deficit of 41 very low income units that was accumulated before 1994, when the obligation to fulfill housing requirements during each planning period came into effect. This deficit may be filled at any time prior to the end of the Redevelopment Plan duration.

During the first five years of the current Ten Year Planning Period (fiscal year 2004-05 through 2008-09), the Agency generated a requirement for 73 affordable units, of which 30 needed to be affordable to very low income households. During the remainder of the Ten Year Planning Period (fiscal year 2009-10 through 2013-14), the Agency is anticipated to incur a need for 151 inclusionary units, of which 60 need to be very low income units. To meet its estimated requirements for the Ten year Planning Period, over the next five years the Agency must produce 224 affordable units, of which 89 units must be affordable to very low income households.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

From 2014-15 to the remaining life of the Redevelopment Plan, the Agency is projected to generate the need for 503 affordable units of which 201 need to be affordable to very low income households. Over the duration of the Plan, it is estimated that the Agency will generate the need for 1,195 affordable housing units, including 478 very low income units. Thus far, 487 total affordable housing units, including 147 very low income units, have been constructed in the Project Area.

REPLACEMENT HOUSING NEEDS

The CRL requires that whenever dwelling units housing low and moderate income households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated within four years. These units must provide at least the same number of bedrooms destroyed, and 100 percent of the replacement units must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Area.

According to Agency records, no units have been destroyed by Agency activity. Additionally, no units are expected to be destroyed or removed as a part of an Agency project during the planning period or over the life of the Redevelopment Plan.

LOW AND MODERATE INCOME HOUSING FUND

The Agency's primary source of funding for housing program implementation is the annual set-aside deposits of 20% of the Agency's total tax increment in the Low and Moderate Income Housing Fund ("Housing Fund"). The CRL requires that not less than 20% of all tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes. Beginning July 1, 2009, the Agency had a Housing Fund balance of approximately \$4,901,910². As shown in Table 3, it is estimated that the Agency will deposit an additional \$10,178,073 into the Housing Fund.

Table 3: Estimated Housing Fund Deposits

Fiscal Year	Estimated Deposit Amount	
	Annual	Cumulative
2009-10	\$ 1,971,970	\$ 1,971,970
2010-11	1,965,134	3,937,104
2011-12	2,021,967	5,959,071
2012-13	2,079,936	8,039,007
2013-14	2,139,065	10,178,073

Source: RSG Tax Increment Projections

Targeting of Housing Fund Expenditures

Effective January 1, 2002, expenditure of housing set-aside revenues is subject to certain legal requirements. At a minimum, the Agency's low and moderate income housing set-aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the low income population under the age of 65. New legal requirements took effect in 2006 that modified the previous limitation of spending Housing Fund monies on households under the age of 65. Section 33334.4(b) of the CRL formerly required that an agency spend its Housing Fund monies "in at least the same proportion as the low-income population under age 65 bears to the most recent census." The new statute provides a higher level of specificity to spend monies "in at least the same proportion as the number of low-income households with a member under age 65 bears to the total number of low-income households of the community as reported in the most recent census."

² Per Agency's Basic Financial Statements and Independent Auditors Report for the Fiscal Year Ended June 30, 2009.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

The percentage of very low and low income household expenditure requirements are based on Kern County Association of Governments ("KCOG") Regional Housing Needs Assessment ("RHNA") requirements for the City of Ridgecrest for the planning period of January 1, 2006 through June 30, 2014. The percentage of low income households under the age of 65 is based on Comprehensive Housing Affordability Strategy³ ("CHAS") reports of 2000 Census data as required by CRL Section 33334.4, enacted in 2005. Data relating to low income households under the age of 65 is not readily available from the Census. However, CHAS uses an extrapolation of Census data to calculate the number of low income households under the age of 62; which is the data that may be closest to that which is required by the CRL and used in this Plan.

Table 4 below presents the Agency's requirements over the Ten Year Planning Period for Housing Fund expenditures, from January 1, 2002 June 30, 2014.

Household Type	Minimum Percentage of Housing Fund Expenditures
Very Low Income Households	41%
Low Income Households	28%
Households Under Age 65	71%

Source: ESRI Business Online, KCOG, HUD

Between 2002 through 2006, the Agency's expenditures on non-senior housing were expected to be proportional to the prior requirement of 89 percent. However, for expenditures after 2006, including this implementation plan period, the minimum non-senior housing requirement is 71 percent of total Housing Fund expenditures. The minimum requirements for very-low and low income housing are 41 percent and 28 percent of total Housing Fund expenditures, respectively. Over the next five years of the compliance planning period available Housing Fund revenue must be allocated to meet these RHNA-based ratios.

Housing Set-Aside Expenditures since January 2002

The proportionality requirements affect expenditures over a ten year period, although the law permits the compliance initially for a period beginning January 2002 and ending June 30, 2014. Table 5 below documents the amount of Housing Fund revenues used since January 2002 for these income categories. The Agency is required to fulfill its target requirements by FY 2013-14.

³ Comprehensive Housing Affordability Strategy, "<http://socds.huduser.org/chas/index.htm>"

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Table 5: Expenditure Targeting Status - Actual and Planned Expenditures

	Total ^{1/}	Very Low Income	Low Income	Households Under Age 65
Expenditure Targeting Summary				
Actuals (2001-02 through 2008-09)	\$ 687,433	\$ 64,551	\$ 559,132	\$ 212,433
Planned (2009-10 through 2013-14) ^{2/}	9,000,000	3,914,216	2,165,459	6,691,039
Planning Period Projected Totals	9,687,433	3,978,767	2,724,591	6,903,472
Planning Period Targets ^{3/}	100%	41%	28%	71%

Notes:

- 1/ Also includes moderate income household and senior housing expenditures which are not subject to proportionality requirements.
- 2/ Planned expenditures based on projects listed in 2009-10 implementation plan and are subject to change.
- 3/ Targets based on estimates of planned expenditures and targeting percentages shown in Table 4. Actual targets are based on actual expenditures at the end of the 2001-02 - 2013-14 compliance period.

Source: City of Ridgecrest financial statements and estimated housing fund expenditures

The Agency spent \$64,551 on very low income households and \$559,132 on low income households during the 2001-02 through 2008-09 period. During this period, the Agency spent \$212,433 on households under age 65. Under current total planned expenditures, the Agency is required to spend at least \$3,914,216 on very low income housing, and \$2,165,459 on low income housing during the 2009-10 through 2013-14 period. The Agency must also spend \$6,691,039 on housing for households under age 65 during this period.

RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

Units Assisted by the Housing Fund

State law requires a recap of the affordable housing projects for families (households under the age of 65) assisted by the Housing Fund over the past implementation plan period. In addition the CRL requires a recap of affordable housing projects assisted by the Housing Fund. Table 6 below summarizes these statistics by project from 2002 through 2009 to account for affordable housing projects since proportionality requirements became effective.

Table 6: Housing Expenditures on Non-Senior Family Projects						
Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (FY 2001-02 through 2008-09)				
		Extr. Low	Very Low	Low	Moderate	Total
Family Projects	\$ 212,433 31%	0	27	49	40	116
First Time Homebuyer	\$ 15,000	0	26	19	15	60
Ridgecrest Cares	\$ 32,433	0	1	9	0	10
Desert Willows	\$ 75,000	0	0	15	0	15
Habitat for Humanity	\$ 30,000	0	0	6	0	6
Women's Shelter	\$ 60,000	0	0	0	25	25
Senior Projects	\$ 475,000 69%	0	3	23	0	26
High Desert Haven	\$ 475,000	0	3	23	0	26
Totals	\$ 687,433 100%	0	30	72	40	142

Housing Units Constructed During Prior Implementation Plan Period without Using Housing Funds

No income-restricted housing units with affordability covenants were constructed in the Project Area without using Housing Funds during the prior Implementation Plan period.

ATTACHMENT B:

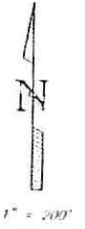
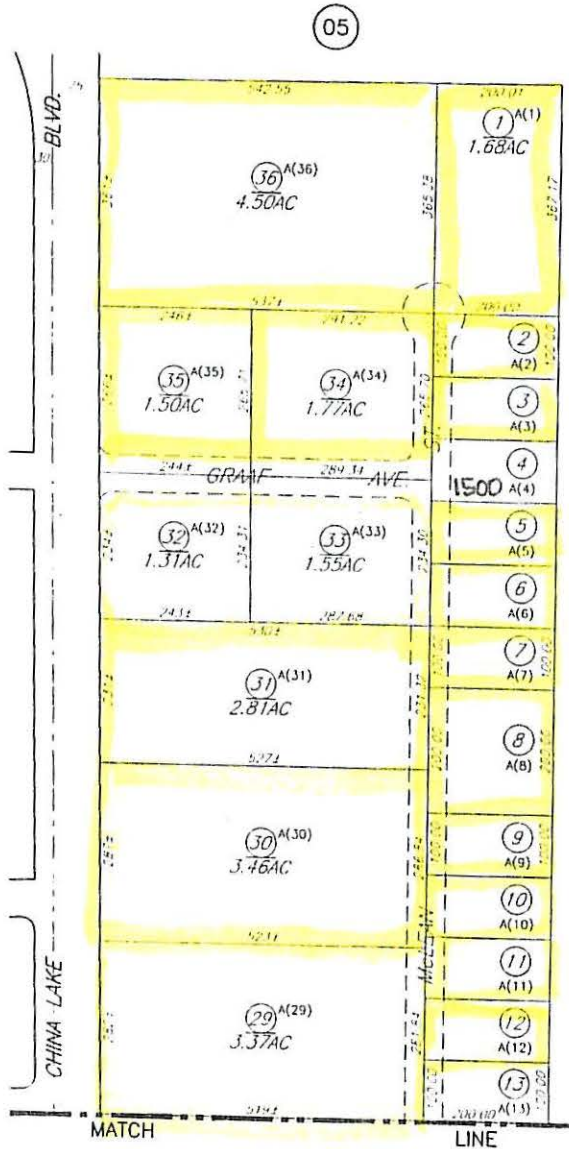
Parcel Map – Ridgecrest Business Park

033-07

P.M. 10819
PTN. E1/2 SEC. 27 T.26S. R.40E.

RRSA Property List
RBP Summary #2-24,31
Parcel Map 10819

033-07



LEGEND	
REVISED	June 1, 2011
JURISDICTION	CITY OF RIDGECREST
SUBD. KEY	BLF SUBD
A	PM 10819
B	LLA #204206059
C	LLA 06-04
D	LLA 07-08
E	PM 11806
(LOT DESIGNATIONS AS PARENTHESES)	
DISCLAIMER	This map is for assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.

BK. 419

BK. 421

ASSESSORS MAP NO. 033-07
COUNTY OF KERN

ATTACHMENT C:

**Purchase and Sale Agreement –
Ridgecrest Business Park**

**Ridgecrest Business Park (RBP)
Purchase Agreement and Escrow Instructions**

4/19/00

AGREEMENT AND ESCROW INSTRUCTIONS FOR ACQUISITION OF REAL PROPERTY

THIS AGREEMENT AND ESCROW INSTRUCTIONS FOR SALE AND ACQUISITION OF REAL PROPERTY (the "Agreement") is entered into by and between the Ridgcrest Redevelopment Agency, a public body corporate and politic, (hereinafter called "Agency"), and China Lake Properties, a California limited partnership (hereinafter called "China Lake") for acquisition by the Agency of certain real property hereinafter set forth and is made on the basis of the following facts, intentions and understandings.

RECITALS

A. China Lake is the present owner of that certain real property and the improvements located thereon (the "Property") located in Ridgcrest, California, (the "City") at Blocks 1000 through 1600 on the east side of China Lake Boulevard, and more particularly described in Exhibit "A" ("Legal Description"), which is attached hereto and incorporated herein by reference.

B. Agency desires to acquire the Property for purposes of redevelopment, including (a) the integration of all existing and proposed development into an overall business park for the area, maximizing and enhancing the existing amenities, (b) enhancing the area as a business park for the entire City and (c) providing for much needed commercial activity and growth within the community, and China Lake has agreed to sell, assign and transfer the Property on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, receipt of which is acknowledged, the parties agree as follows:

1. Purchase and Sale of China Lake's Interest. China Lake shall sell to Agency, and Agency shall purchase from China Lake, China Lake's Interest in the Property, which consists of a fee simple interest (subject to the exceptions to title as set forth in the title policy approved in writing by the Executive Director of the Agency, or his designee), for a Purchase Price calculated as follows: (i) the first eight (8) acres at zero; (ii) the next eight (8) acres (the first sixteen (16) acres being referred to as the "Group I Parcels") at one dollar (\$1.00) per square foot; (iii) the next twenty-one (21) acres (the "Group II Parcels") at one dollar (\$1.00) per square foot; and (iv) the balance of the Property (the "Group III Parcels") at fifty percent (50%) of the fair market value to be determined as provided in Section 1.3 hereof.

1.1 The Purchase Price shall be paid part in cash, in an amount equal to \$348,480 (the "Cash Amount") and part in accordance with the terms of a promissory note in the initial amount of \$1,853,478.00 which amount is to be adjusted as provided in Section 1.3 (the "Note Amount") substantially in the form attached hereto as Exhibit "E" (the "Promissory Note") for purposes of this Agreement, the Purchase Price for the Group III Parcels has been set at \$1.00 per square foot, which amount will be adjusted as provided in Section 1.3. The Promissory Note shall be secured by a deed of trust on the Property (excluding therefrom the Group I Parcels and the Land Underlying the Proposed Rights-of-Way for the Improvements) in substantially the form attached hereto as Exhibit "F" (the "Deed of Trust"). The Land Underlying the Proposed Rights-of-Way which are to be excluded from the effect of the Deed of Trust are identified in Exhibit "A," and are subject to a



Power of Termination as defined in Civil Code section 885.010, et. sec., or successor provisions thereto, as more fully described in the Grant Deed referred to below).

1.2 The Promissory Note shall provide among other things that a pro-rata portion of the principal thereof shall be payable to China Lake upon close of escrow with respect to a sale or lease of any portion of the Group II Parcels or Group III Parcels. The portion of the Purchase Price to be paid with respect to any parcel shall be calculated on gross square foot basis and shall be measured as if the property extends to the centerline of any adjacent public right-of-way other than China Lake Boulevard. The Purchase Price for the Group II Parcels and the Land Underlying the Proposed Rights-of-Way shall be calculated based on \$1.00 per square foot and the Purchase Price with respect to the sale of the Group III Parcels (exclusive of the Land Underlying the Proposed Rights-of-Way) shall be calculated based on the adjusted amount as determined pursuant to Section 1.3 hereof.

1.3 The Purchase Price (and the Note Amount) with respect to the Group III Parcels has been set initially at \$1.00 per square foot and shall be adjusted upon the sale or lease of all of the Group I Parcels and Group II Parcels. The Agency shall provide written notice to China Lake of opening escrow with respect to the final parcel or parcels of the Group II Parcels. The parties shall then meet to establish the fair market value for the Group III Parcels. If an agreement cannot be reached as to fair market value, either party, or both, may obtain an appraisal from an MAI (or similarly qualified) appraiser and if an agreement cannot be reached, then the two appraisers shall select a third similarly qualified appraiser. Fair market value shall then be determined based on the average of the two closest appraised values. Each appraiser shall be instructed to assume completion of the Improvements. If China Lake fails to meet with the Agency or fails to obtain an appraisal as provided in this section, then fair market value of the Group III Parcels shall be determined based on the appraisal obtained by the Agency. In the event that all of the Group III Parcels have not been sold within three (3) years of the establishment of the adjusted Purchase Price for the acres and each three years thereafter, the Purchase Price shall be adjusted again in accordance with the above procedure for the then unsold Group III Parcels. For purposes of this section the fair market value of the Group III Parcels shall set with out regard to the Land Underlying the Proposed Rights-of-Way, which has been set at \$1.00 per square foot.

The Land Underlying the Proposed Rights-of-Way is subject to a Power of Termination, as defined by Civil Code section 885.010, et. sec., or successor provisions thereto, to the extent that the Improvements as defined in the Agreement to be constructed upon such land or portion thereof, are not completed. The exercise of the Power of Termination shall be identified by the commencement of a foreclosure proceeding, non-judicially by the recordation of a notice of default, or judicially by the filing of a complaint for judicial foreclosure. Further, the trustee's deed upon sale in a non-judicial foreclosure action or the entry of judgment in an action for judicial foreclosure shall be effective to transfer the title to the Land Underlying the Proposed Rights-of-Way then subject to the Power of Termination to the transferee identified in such trustee's deed or the such judgment or execution resulting therefrom. This Power of Termination shall not apply to any portion of the Land Underlying the Proposed Rights-of-Way upon which the Improvements have been completed.

2. Closing. This transaction shall close ("Closing") no later than April 28, 2000 (the "Outside Date"). The Closing shall occur at a location within Kern County at a time and place reasonably agreed on by the parties. The "Closing" shall mean the time and day the Grant Deed (referred to below) are filed for record with the Kern County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

3. Conditions of Closing. The Closing is conditioned upon:

(a) Conveyance to Agency of good and marketable title free of any and all interests, encumbrances, liens, easements, rights of possession, rights of approval by third parties as to the development of the Property or other clouds of title, except for such exceptions as set forth in the title insurance policy approved in writing by the Executive Director of the Agency, or his designee; and

(b) Delivery of a standard CLTA Owner's title insurance policy, at Agency's expense, subject only to such liens, encumbrances, clouds or conditions as may be approved in writing by Agency's Executive Director, or designee; and

(c) Satisfaction of all of the China Lake's obligations enumerated in Section 4 hereof; and

(d) Satisfaction of all of Agency's obligations in Section 5 hereof; and

(e) Agency's written approval of the Preliminary Title Report required under Section 9.2 of this Agreement; and

(f) Agency's environmental consultant, if any, providing to Agency evidence deemed sufficient by Agency, in writing that the Property is clear of hazardous contamination. The cost of said site investigation shall be at the expense of Agency; and

(g) China Lake's execution of an affidavit of exemption from the Foreign Investment in Real Property Tax Act ("FIRPTA"); and

The closing of escrow on the transaction shall be deemed a waiver of any unsatisfied condition. To the extent that any of the above conditions cannot be satisfied or waived, then this Agreement shall be terminated.

4. China Lake's Obligations. China Lake shall deliver to escrow on or before noon, five (5) business days after this Agreement is executed by Agency a grant deed signed by China Lake and notarized in the form of Exhibit "C" attached hereto and incorporated herein by this reference (the "Grant Deed").

5. Agency's Obligations. No later than 12:00 o'clock noon one business day before the anticipated Closing, Agency shall deliver to escrow the following:

(a) The Cash Amount; and

(b) The certificate of acceptance (Exhibit "D") signed by Agency's authorized representative in the form attached to the Grant Deed.

(c) The Promissory Note and the Deed of Trust signed by the Agency and notarized in the form of Exhibit "E" and Exhibit "F" attached hereto and incorporated herein by this reference.

6. Representations and Warranties of China Lake. China Lake represents and warrants to Agency as follows:

(a) China Lake is the owner of the Property and has full right, power, title and lawful authority to enter into this Agreement and to grant, sell and convey the Property as provided herein and, except as disclosed in writing by the China Lake to the Agency, China Lake has not entered into or executed any agreement or document which would transfer all or part of China Lake's interest in the Property to any third party; and

(b) There are no tenants or other persons who have a lawful interest in the Property; and

(c) Except as disclosed by the China Lake in writing to the Agency, there are no service contracts or other contracts affecting the Property; and

(d) To the best of China Lake's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign; and

(e) Until the closing, China Lake shall maintain the Property in such condition as existed on March 15, 2000, the date on which Agency conducted an inspection of the Property; and

(f) Until the closing, China Lake shall not do anything which would impair China Lake's title to any of the Property; and

(g) To the best of China Lake's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, or other agreement or instrument which affects the Property; and

(h) Until the closing, China Lake shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 6 not to be true as of closing, immediately give written notice of such fact or condition to Agency; and

(i) China Lake is not a "foreign person" within the parameters of FIRPTA, or is exempt from the provisions of FIRPTA, or that China Lake has complied and will comply with all the requirements under FIRPTA.

The representations and warranties set forth in this Section 6 shall survive close of escrow.

7. Intentionally Omitted.

8. Condition of the Property.

8.1 Hazardous Waste. Neither China Lake nor, to the best of China Lake's knowledge, any previous owner, tenant, occupant, or user of the Property used, generated, released, discharged, stored, or disposed of any hazardous waste, toxic substances, or related materials ("Hazardous Materials") on, under, in, or about the Property, or transported any Hazardous Materials to or from the Property. China Lake shall not cause or permit the presence, use generation, release,

discharge, storage, or disposal of any Hazardous Materials on, under, in, or about, or the transportation of any Hazardous Materials to or from, the Property. The term "Hazardous Material" shall mean any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, chapter 6.5 (Hazardous Waste Control Law), (ii) defined as "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Code of Regulations, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated byphenyls, (viii) listed under Article 9 or defined as "hazardous" or extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as a "hazardous substances" pursuant to Section 311 of the Clean Water Act, (33 U.S.C. 51317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. 56901 et seq. (42 U.S.C. 56903) or (xi) defined as a "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42. U.S.C. 56901 et seq. (42 U.S.C. 59601).

8.2 Compliance with Environmental Laws. To the best of China Lake's knowledge, the Property and its present use do not violate any applicable laws and governmental regulations including, without limitation, all applicable federal, state, and local laws pertaining to air and water quality, hazardous waste, waste disposal, and other environmental matters, including, but not limited to, the Clean Water, Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation Recovery and Comprehensive Environmental Response Compensation and Liability Acts, and the California Environmental Quality Act, and the rules, regulations, and ordinances of the City within which the subject property is located, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, the Environmental Protection Agency, and all applicable federal, state, and local agencies and bureaus.

8.3 Agency's Environmental Contingency. This Agreement, or escrow created hereby, is additionally contingent upon the Agency receiving satisfactory evidence, in the form of an environmental assessment report, from a licensed contractor who is acceptable to the Agency in its sole and absolute discretion and who shall be hired by the Agency, showing that the Property is free from any Hazardous Materials in the soil or groundwater, or any other conditions which may affect the value of the Property. In the event the Agency is not able to obtain such an environmental assessment report, the Agency is entitled to conduct such further and other examination and testing as it or any other responsible governmental agency may require or request to determine the nature, source, scope, and extent of such Hazardous Materials, or it may cancel escrow. If a licensed contractor selected by the Agency determines that there are Hazardous Materials in, on or under the Property, including in the groundwater, then the Agency may elect to: (i) cancel escrow; or (ii) purchase the Property at the price agreed to herein. Regardless of which option is selected by the Agency in the event Hazardous Materials are found in, on or under the Property, neither party waives or relinquishes any common law or statutory rights it or they may have against one another or third persons arising from or related to the cause or source of the Hazardous Materials, or for contribution

or indemnity as a result of site evaluation, remediation and clean-up costs and liability. The Agency, at its option, may elect to remove or cause the removal of any Hazardous Waste; provided, that the costs incurred by the Agency shall be deducted from future sales proceeds of the Property prior to completing any calculations required by Section 1.1 until the Agency is fully reimbursed for such costs.

9. Escrow. Within five (5) days after the execution of this Agreement by Agency, the parties shall open escrow with an escrow company mutually agreeable to the Agency and China Lake (the "Escrow Agent").

9.1 Escrow Fees, Charges and Costs. Agency agrees to pay all of China Lake's and Agency's usual fees, charges, and costs which arise from escrow.

9.2 Preliminary Title Report. Promptly after the opening of escrow, Agency shall obtain a Preliminary Title Report on this Property issued by a title company selected by the Agency.

10. Escrow Instructions. This Agreement constitutes the joint escrow instructions of Agency and China Lake, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this escrow in the shortest possible time.

By noon, the last business day before Closing, Agency will deposit the certificate of acceptance with Escrow Agent. Agency agrees to deposit the Cash Amount together with the Promissory Note and Deed of Trust upon demand of Escrow Agent. Agency and China Lake agree to deposit with Escrow Agent any additional instruments as may be necessary to complete this transaction.

Insurance policies for fire or casualty, if any, are not to be transferred, and China Lake will cancel his own policies after the Closing.

All funds received in this escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any state or national bank doing business in the State of California. All disbursements shall be made by check from such account. However, if escrow does not close within 2 business days from deposit of the Purchase Price, the funds shall be deposited into an interest bearing account with such interest accruing to the benefit of the Agency.

Escrow agent is instructed to release China Lake's escrow closing and Agency's escrow closing statement to the parties as identified in Section 15.4 of this Agreement.

Escrow Agent is authorized to, and shall:

(a) Pay and charge China Lake, with China Lake's prior written consent, for any amount necessary to place title in the condition necessary to satisfy Section 3 of this Agreement (Agency's sole remedy in the event that China Lake fails to agree to such payments or charges shall be termination of this agreement pursuant to section 11); and

(b) Pay and charge Agency for any escrow fees, charges, and costs payable under Section 9.1 and 9.2 of this Agreement; and

(c) Disburse funds, deliver, and record the Grant Deed and the Deed of Trust when conditions of this escrow have been fulfilled by Agency and China Lake; and

(d) Do such other actions as necessary, including obtaining policy of title insurance, to fulfill its obligations under this Agreement; and

(e) If the provisions of FIRPTA apply to the transaction memorialized in this Agreement, and unless China Lake is not a "foreign person" or an exemption applies, the Escrow Agent shall deduct and withhold from China Lake's proceeds ten percent (10%) of the gross sales price and shall otherwise comply with all applicable provisions of FIRPTA. China Lake and Agency agree to execute and deliver as directed by Escrow Agent any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and regulation promulgated thereunder. China Lake expressly agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a China Lake's Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Agent, on the form to be supplied by Escrow Agent; and

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

All time limits within which any matter herein specified is to be performed may be extended, but only by mutual agreement of the parties hereto, and by amendment of this Agreement. Any amendment of, or supplement to, this Agreement must be in writing, and signed by both parties, hereto.

11. Termination.

If (except for deposit of money by Agency, which shall be made by Agency upon demand of Escrow Agent before the Closing) escrow is not in condition to close by the Outside Date, then either party may give ten (10) days written notice to the other and if at the end of such notice period the escrow is not in a condition to close, such party may, in writing, demand the return of money or property and terminate this Agreement.

12. Loss or Damage. Loss or damage to the Property, by fire or other casualty, occurring prior to the recordation of the Grant Deed shall be at the risk of China Lake. In the event that loss or damage to the Property, by fire or other casualty, occurs prior to recordation of the Grant Deed, Agency may elect to require that the China Lake pay to Agency the proceeds of any insurance which may become payable to China Lake by reason thereof, or to permit such proceeds to be used for the restoration of the damage done, or to reduce the total price by an amount equal to the diminution in value of the Property by reason of such loss or damage or the amount of insurance payable to China Lake, whichever is greater.

13. Construction of Improvements. The Agency, at no cost to China Lake, will construct or cause the construction of all of the off-site public improvements required in connection with the development of the Property as described in Exhibit B (the "Improvements"). The Improvements shall be constructed in accordance with the Schedule attached hereto as part of Exhibit "B" (the "Schedule"). The Agency shall fund all of the construction of the Improvements,



including, without limitation, engineering and design services and marketing costs. Additionally, the Agency shall pay for the demolition and removal of any existing buildings or improvements on the Property prior the commencement of construction of the Improvements and shall comply with all mitigation measures required pursuant to the California Environmental Quality Act or other environmental review requirements. The Agency agrees to commence construction of the Improvements not later than March 15, 2002 and thereafter to proceed with reasonable diligence Improvements. The obligation of the Agency to proceed with the development of the Improvements shall be secured by a deed of trust in the form attached hereto as Exhibit "F."

14. Sale or Lease of the Property. The Agency agrees that it will use its best efforts to market and sell or lease the Property for the purpose of developing a business park. The Agency shall be solely responsible for determining to whom to sell or lease the Property and for what consideration. If all of the Property has not been sold or leased by the end of the tenth (10th) year following the Close of Escrow, the Agency agrees to sell all or any portion of the Property to a third party or parties identified in writing to the Agency by China Lake with a specific reference to exercise of the provisions of this Section 14; provided, that the Agency shall receive not less than one-half of fair market value of the portion of the Property being sold and that China Lake delivers a release of the Deed of Trust with respect to the portion of the Property being sold in exchange for payment to China Lake of the balance of the proposed purchase price.

15. General Provisions.

15.1 Real Estate Brokerage Commission. China Lake represents and warrants to the Agency that the Agency is not responsible for any broker's or finder's commission or finder's fee if any, in connection with this transaction, and agrees to defend and hold harmless the Agency from any claim to any such commission or fee resulting from any action on its part.

15.2 Assignment.

This Agreement shall be binding upon and shall inure to the benefit of Agency and China Lake and their respective heirs, personal representatives, successors and assigns.

Agency shall not assign this Agreement or any interest or right under this Agreement or under the escrow prior to the close of escrow without obtaining the prior written consent of China Lake. China Lake may not assign any of its rights pursuant to this Agreement without the written consent of the Agency. In no event shall any assignment relieve the assigning party of any of its obligations under this Agreement.

15.3 Attorneys' Fees. In any action between the parties to interpret, enforce, award, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled to, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

15.4 Approvals and Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party



may later designate by Notice. Any Notice given under this paragraph, whether personally or by mail, shall be deemed received only upon actual receipt by the intended party.

To China Lake: China Lake Properties
5150 Savannah Drive
Banning, California 92220
Attention: Robert Menke

To Agency: Ridgecrest Redevelopment Agency
100 W. California Avenue
Ridgecrest, California 93555
Attention: Executive Director

With Copies To: Stradling Yocca Carlson and Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: David R. McEwen

15.5 Jurisdiction and Venue. This Agreement shall be construed under the laws of the State of California in effect at the time of the signing of this Agreement. The parties consent to the jurisdiction of the California courts with venue in Kern County.

15.6 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

15.7 Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

15.8 No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

15.9 Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

15.10 Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.



15.11 Offer. Any delivery of unsigned copies of this Agreement is solely for the purpose of review by the party to whom delivered, and neither the delivery nor any prior communications between the parties, whether oral or written, shall in any way be construed as an offer by Agency, nor in any way imply that Agency is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by China Lake constitutes an offer which shall not be deemed accepted by Agency unless and until buyer has signed this Agreement. This is not a binding agreement until and unless executed on behalf of Agency by its Executive Director or his designee after adoption of a resolution or minute action by the Agency.

15.12 Right of Access. Agency shall first be entitled to possession of the Property on and after the Closing Date. Prior to the Closing date, Agency, and its representatives, agents, employees, contractors and designees shall have the right of access to the Property at all reasonable times for the purpose of making necessary and appropriate inspections, tests, borings, samplings, surveys, etc. The Agency shall save and protect the China Lake against any liability and/or claims resulting from such access or use of the Property undertaken pursuant to this Section.

15.13 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

15.14 Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

15.15 Time of Essence. Time is expressly made of the essence with respect to the performance by Agency and China Lake of each and every obligation and condition of this Agreement including, without limitation, the Closing.

15.16 Cooperation. Each party agrees to cooperate with the other in the Closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

15.17 Records. The Agency agrees that all business records relating to the park will be held in confidence to the extent permitted by law.

16. Agreement in Total.

16.1 Merger of Prior Agreements and Understandings. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and



statements, oral or written, are merged in this Agreement and shall be of no further force or effect. China Lake is entering this Agreement based solely upon the representations set forth herein and upon China Lake own independent investigation of any and all fact China Lake deems material.

16.2 Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

16.3 Exhibits Incorporated by Reference. All exhibits attached to this Agreement are incorporated in this Agreement by this reference. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes twelve (12) pages and six (6) exhibits including Exhibit "A," Legal Description; Exhibit "B," Agency Improvements; Exhibit "C," Grant Deed; Exhibit "D," Certificate of Acceptance; Exhibit "E," Promissory Note; and Exhibit "F," the Deed of Trust.



IN WITNESS WHEREOF, the Agency and the China Lake have signed this Agreement on the date set forth below.

SELLER:

CHINA LAKE PROPERTIES, a California limited partnership

Dated: 4-19, 2000

By: B. A. Manke
Its: General Partner

BUYER:

RIDGECREST REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: _____, 2000

Executive Director

ATTEST:

Agency Secretary

IN WITNESS WHEREOF, the Agency and the China Lake have signed this Agreement on the date set forth below.

SELLER:

CHINA LAKE PROPERTIES, a California limited partnership


Dated: _____, 2000

By: _____
Its: _____

BUYER:

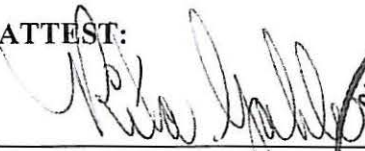
RIDGECREST REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: 4-26, 2000



Executive Director

ATTEST:



Agency Secretary



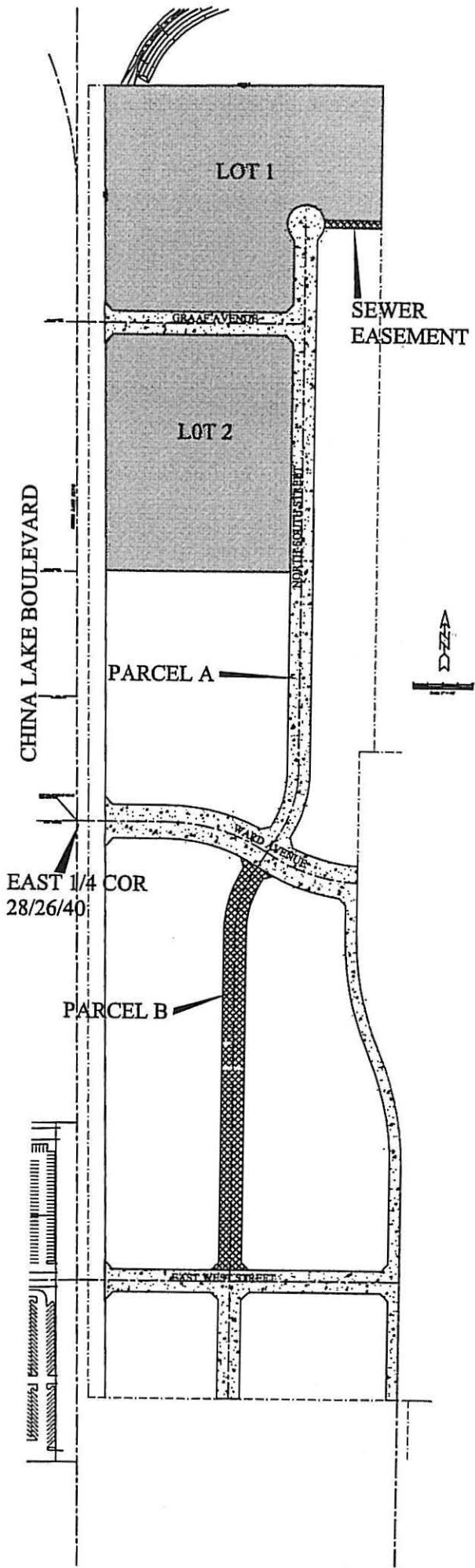


EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

THOSE PORTIONS OF SECTION 27, TOWNSHIP 26 SOUTH, RANGE 40 EAST, M.D.B.M., IN THE CITY OF RIDGECREST, COUNTY OF KERN, STATE OF CALIFORNIA, AS PER THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT SAID POINT "A" AS DESIGNATED ON EXHIBIT "B" ATTACHED TO THE QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY, CALIFORNIA, THENCE NORTH 00°28'10" WEST, 1375.259 FEET; THENCE NORTH 00°52'32" WEST, 3716.493 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°52'32" WEST, 883.557 FEET; THENCE NORTH 89°25'18" EAST, 787.555 FEET; THENCE SOUTH 00°03'57" EAST, 883.580 FEET; THENCE SOUTH 89°25'19" WEST, 755.068 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

COMMENCING AT POINT "A", AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY, CALIFORNIA, THENCE NORTH 00°28'10" WEST, 1375.259 FEET; THENCE NORTH 00°52'32" WEST, 2840.196 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°52'32" WEST, 876.297 FEET; THENCE NORTH 89°25'29" EAST, 755.068 FEET; THENCE SOUTH 00°03'57" EAST, 883.585 FEET; THENCE SOUTH 89°58'04" WEST, 762.653 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3

COMMENCING FOR A POINT OF REFERENCE AT THE POINT LABELED AS TRUE POINT OF BEGINNING FOR PARCEL B ON WESTERN DIVISION OF DEPARTMENT OF NAVY – NAVY FACILITIES COMMAND DRAWING NUMBER C-102522 DATED FEBRUARY 18, 1983, THE CALIFORNIA STATE PLANE COORDINATES, ZONE 5 FOR SAID POINT ARE N 111,952.404, E2,395,610,131 AS SHOWN ON SAID DRAWING C-102522, AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY; CALIFORNIA; THENCE ALONG THE FOLLOWING TWO COURSE(S); TO THE TRUE POINT OF BEGINNING OF THIS LEGAL DESCRIPTION; THENCE NORTH 00°28'10" WEST, A DISTANCE OF 1375.259 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 2840.196 FEET; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 6 COURSE(S); THENCE NORTH 89°58'04" EAST, A DISTANCE OF 722.65 FEET; THENCE SOUTH 00°03'57" EAST, A DISTANCE OF 290.00 FEET; THENCE

ALONG A CURVE WHOSE RADIUS POINT BEARS NORTH 00°01'56" WEST, WHOSE RADIUS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS SOUTH 22°08'08" WEST, FROM SAID RADIUS POINT; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS SOUTH 22°08'08" WEST, WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS NORTH 00°01'56" WEST, FROM SAID RADIUS POINT; THENCE SOUTH 89°58'04" WEST, A DISTANCE OF 210 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 190.11 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

COMMENCING FOR A POINT OF REFERENCE AT THE POINT LABELED AS TRUE POINT OF BEGINNING FOR PARCEL B ON WESTERN DIVISION OF DEPARTMENT OF NAVY – NAVY FACILITIES COMMAND DRAWING NUMBER C-102522 DATED FEBRUARY 18, 1983, THE CALIFORNIA STATE PLANE COORDINATES, ZONE 5 FOR SAID POINT ARE N 111,952.404, E2,395,610.131 AS SHOWN ON SAID DRAWING C-102522, AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY; CALIFORNIA; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 2 COURSE(S): THENCE NORTH 00°28'10" WEST, A DISTANCE OF 1375.259 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 1119.132 FEET; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 9 COURSE(S); THENCE NORTH 00°52'32" WEST, A DISTANCE OF 1530.958 FEET; THENCE NORTH 89°58'04" EAST, A DISTANCE OF 210 FEET; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS SOUTH 00°01'56" EAST, WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE 22°10'04" TO A POINT WHICH BEARS NORTH 22°08'08" EAST, FROM SAID RADIUS POINT, THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS NORTH 22°08'08" EAST WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS SOUTH 00°01'56" EAST, FROM SAID RADIUS POINT; THENCE SOUTH 00°01'02" EAST, A DISTANCE OF 620.00 FEET; THENCE SOUTH 89°58'02" WEST, A DISTANCE OF 824.93 FEET; TO THE TRUE POINT OF BEGINNING.



ATTACHMENT A

PROPERTY DESCRIPTION

PARCEL 1:

THOSE PORTIONS OF SECTION 27, TOWNSHIP 26 SOUTH, RANGE 40 EAST, M.D.B.M., IN THE CITY OF RIDGECREST, COUNTY OF KERN, STATE OF CALIFORNIA, AS PER THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT SAID POINT "A" AS DESIGNATED ON EXHIBIT "B" ATTACHED TO THE QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY, CALIFORNIA, THENCE NORTH 00°28'10" WEST, 1375.259 FEET; THENCE NORTH 00°52'32" WEST, 3716.493 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°52'32" WEST, 883.557 FEET; THENCE NORTH 89°25'18" EAST, 787.555 FEET; THENCE SOUTH 00°03'57" EAST, 883.580 FEET; THENCE SOUTH 89°25'19" WEST, 755.068 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

COMMENCING AT POINT "A", AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY, CALIFORNIA, THENCE NORTH 00°28'10" WEST, 1375.259 FEET; THENCE NORTH 00°52'32" WEST, 2840.196 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°52'32" WEST, 876.297 FEET; THENCE NORTH 89°25'29" EAST, 755.068 FEET; THENCE SOUTH 00°03'57" EAST, 883.585 FEET; THENCE SOUTH 89°58'04" WEST, 762.653 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3

COMMENCING FOR A POINT OF REFERENCE AT THE POINT LABELED AS TRUE POINT OF BEGINNING FOR PARCEL B ON WESTERN DIVISION OF DEPARTMENT OF NAVY - NAVY FACILITIES COMMAND DRAWING NUMBER C-102522 DATED FEBRUARY 18, 1983, THE CALIFORNIA STATE PLANE COORDINATES, ZONE 5 FOR SAID POINT ARE N 111,952.404,E2,395,610,131 AS SHOWN ON SAID DRAWING C-102522, AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY; CALIFORNIA; THENCE ALONG THE FOLLOWING TWO COURSE(S); TO THE TRUE POINT OF BEGINNING OF THIS LEGAL DESCRIPTION; THENCE NORTH 00°28'10" WEST, A DISTANCE OF 1375.259 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 2840.196 FEET; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 6 COURSE(S); THENCE NORTH 89°58'04" EAST, A DISTANCE OF 722.65 FEET; THENCE SOUTH 00°03'57" EAST, A DISTANCE OF 290.00 FEET; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS NORTH 00°01'56" WEST, WHOSE



RADIUS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS SOUTH 22°08'08" WEST, FROM SAID RADIUS POINT; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS SOUTH 22°08'08" WEST, WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS NORTH 00°01'56" WEST, FROM SAID RADIUS POINT; THENCE SOUTH 89°58'04" WEST, A DISTANCE OF 210 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 190.11 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

COMMENCING FOR A POINT OF REFERENCE AT THE POINT LABELED AS TRUE POINT OF BEGINNING FOR PARCEL B ON WESTERN DIVISION OF DEPARTMENT OF NAVY – NAVY FACILITIES COMMAND DRAWING NUMBER C-102522 DATED FEBRUARY 18, 1983, THE CALIFORNIA STATE PLANE COORDINATES, ZONE 5 FOR SAID POINT ARE N 111,952.404,E2,395,610.131 AS SHOWN ON SAID DRAWING C-102522, AS DESIGNATED ON EXHIBIT "B" ATTACHED TO QUITCLAIM DEED EXECUTED BY THE UNITED STATES OF AMERICA IN FAVOR OF CHAPARRAL INVESTMENTS, A LIMITED PARTNERSHIP, RECORDED OCTOBER 3, 1983 IN BOOK 5594, PAGE 597 OF OFFICIAL RECORDS OF KERN COUNTY; CALIFORNIA; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 2 COURSE(S): THENCE NORTH 00°28'10" WEST, A DISTANCE OF 1375.259 FEET; THENCE NORTH 00°52'32" WEST, A DISTANCE OF 1119.132 FEET; THENCE LEAVING SAID TRUE POINT OF BEGINNING ALONG THE FOLLOWING 9 COURSE(S); THENCE NORTH 00°52'32" WEST, A DISTANCE OF 1530.958 FEET; THENCE NORTH 89°58'04" EAST, A DISTANCE OF 210 FEET; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS SOUTH 00°01'56" EAST, WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE 22°10'04" TO A POINT WHICH BEARS NORTH 22°08'08" EAST, FROM SAID RADIUS POINT, THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS NORTH 22°08'08" EAST WHOSE RADIUS IS 675.86 FEET THROUGH A CENTRAL ANGLE OF 22°10'04" TO A POINT WHICH BEARS SOUTH 00°01'56" EAST, FROM SAID RADIUS POINT; THENCE SOUTH 00°01'02" EAST, A DISTANCE OF 620.00 FEET; THENCE SOUTH 89°58'02" WEST, A DISTANCE OF 824.93 FEET; TO THE TRUE POINT OF BEGINNING.

BUT EXCLUDING THEREFROM THE FOLLOWING:

LOT 1

Beginning at a point of reference at the East quarter corner of Section 28 T 26 S R 40 E from whence the southeast corner of said section bears S 00d 52' 32" E thence N 00d 44' 24" W a distance of 1321.99' thence N 89d 56' 03" E a distance of 75.01' thence N 00d 52' 32" W a distance of 49.72' to the true point of beginning;
thence S 45d 28'14" E a distance of 28.08' to a point thence N 89d 56'03" E a distance of 464.38' to a point thence N 44d 56'03" E a distance of 28.28' to a point thence N 00d 03'57" W a distance of 164.71' to a point around a curve to the left through a central angle of 42d 50'00" an arc distance of 18.69' a chord bearing of N 21d 28'57" W a distance of 18.26' to a point around a curve to the right through a central angle of 222d 50'00" an arc distance of 194.46' a chord bearing of N 68d 31'03" E a distance of 93.09' to a point thence N 89d 56'03" E a distance of 150.00' to a point thence N 00d 03'57" W a distance of 367.17' to a point thence S 89d 25'19" W a distance of 742.90' to a point thence S 00d 54'34" E a distance of 576.57'



to the Point of Beginning
Containing 383659.1010 square feet or 8.8076 acres more or less.

LOT 2

Beginning at a point of reference at the East quarter corner of Section 28 T 26 S R 40 E from whence the southeast corner of said section bears S 00d 52' 32" E thence N 00d 44' 24" W a distance of 1321.99' thence N 89d 56' 03" E a distance of 75.01' thence S 00d 52' 32" E a distance of 50.29' to the true point of beginning;

thence S 00d 52'32" E a distance of 608.68' to a point thence N 89d 58'03" E
a distance of 494.36' to a point thence N 00d 03'57" W a distance of 609.19' to a point
thence N 45d 03'57" W a distance of 28.28' to a point thence S 89d 56'03" W
a distance of 462.97' to a point thence S 44d 31'46" W a distance of 28.48' to a point
to the Point of Beginning

Containing 313364.0132 square feet or 7.1938 acres more or less.

SEWER EASEMENT

A 20' wide easement for sewer purposes, 10' on either side of said line

Beginning at a point of reference at the East quarter corner of Section 28 T 26 R 40 from whence the southeast corner of said section bears S 00d 52' 32" E ;

thence N 00d 52'32" W a distance of 1324.57' to a point thence N 89d 56'03" E
a distance of 608.68' to a point thence N 00d 03'57" W a distance of 265.70' to a point
thence N 89d 56'03" E a distance of 50' to the Point of Beginning a point thence N 89d 56'03" E
a distance of 150' to a point.

End of description.

LAND UNDERLYING PROPOSED RIGHTS-OF-WAY

PARCEL A (Phase I Improvements)

Beginning at a point of reference at the East quarter corner of Section 28 T 26 S R 40 E from whence the southeast corner of said section bears S 00d 52' 32" E thence continuing to the true point of beginning;

thence S 00d 52'32" E a distance of 65.30' to a point thence N 44d 32'46" E a distance of 28.49' to a point thence N 89d 58'04" E a distance of 144.04' to a point around a curve to the right through a central angle of 33d 18'16" an arc distance of 257.01' a chord bearing of S 73d 22'48" E a distance of 253.41' to a point around a curve to the left through a central angle of 25d 29'59" an arc distance of 236.84' a chord bearing of S 69d 28'40" E a distance of 234.89' to a point thence S 41d 07'30" E a distance of 26.30' to a point thence S 00d 01'20" E a distance of 79.94' to a point around a curve to the left through a central angle of 23d 36'48" an arc distance of 326.61' a chord bearing of S 11d 49'44" E a distance of 324.30' to a point around a curve to the right through a central angle of 23d 36'48" an arc distance of 301.88' a chord bearing of S 11d 49'44" E a distance of 299.75' to a point thence S 00d 01'24" E a distance of 257.72' to a point thence S 44d 58'19" W a distance of 28.28' to a point thence S 89d 58'02" W a distance of 715.32' to a point thence N 45d 27'15" W a distance of 28.08' to a point thence S 00d 52'32" E a distance of 100.01' to a point thence N 44d 32'45" E a distance of 28.49' to a point thence N 89d 58'02" E a distance of 261.92' to a point thence S 45d 00'58" E a distance of 28.29' to a point thence S 00d 00'01" W a distance of 262.27' to a point thence N 89d 58'02" E a distance of 60.00' to a point thence N 00d 00'01" E a distance of 262.29' to a point thence N 44d 59'02" E a distance of 28.28' to a point thence N 89d 58'02" E a distance of 351.91' to a point thence S 45d 01'41" E a distance of 28.29' to a point thence S 00d 01'24" E a distance of 262.27' to a point thence N 89d 58'02" E a distance of 29.99' to a point thence N 00d 01'20" W a distance of 619.99' to a point around a curve to the left through a central angle of 23d 36'48" an arc distance of 314.25' a chord bearing of N 11d 49'44" W a distance of 312.03' to a point around a curve to the right through a central angle of 23d 36'48" an arc distance of 314.25' a chord bearing of N 11d 49'44" W a distance of 312.03' to a point thence N 00d 01'20" W a distance of 79.94' to a point thence N 00d 01'20" W a distance of 105.60' to a point around a curve to the right through a central angle of 23d 16'39" an arc distance of 179.63' a chord bearing of N 75d 09'26" W a distance of 178.40' to a point thence N 15d 44'52" W a distance of 29.62' to a point around a curve to the left through a central angle of 32d 05'20" an arc distance of 184.82' a chord bearing of N 15d 58'43" E a distance of 182.41' to a point thence N 00d 03'57" W a distance of 1403.73' to a point around a curve to the right through a central angle of 42d 50'00" an arc distance of 18.69' a chord bearing of N 21d 21'03" E a distance of 18.26' to a point around a curve to the left through a central angle of 265d 40'01" an arc distance of 231.84' a chord bearing of S 89d 56'03" W a distance of 73.33' to a point around a curve to the right through a central angle of 42d 50'00" an arc distance of 18.69' a chord bearing of S 21d 28'57" E a distance of 18.26' to a point thence S 00d 03'57" E a distance of 164.71' to a point thence S 44d 56'03" W a distance of 28.28' to a point thence S 89d 56'03" W a distance of 464.38' to a point thence N 45d 28'14" W a distance of 28.08' to a point thence S 00d 52'32" E a distance of 100.01' to a point thence N 44d 31'46" E a distance of 28.48' to a point thence N 89d 56'03" E a distance of 462.97' to a point thence S 45d 03'57" E a distance of 28.28' to a point thence S 00d 03'57" E a distance of 1139.02' to a point around a curve to the right through a central angle of 32d 47'18" an arc distance of 154.51' a chord bearing of S 16d 19'42" W a distance of 152.41' to a point thence S 75d 23'56" W a distance of 27.11' to a point

around a curve to the left through a central angle of 28d 06'28" an arc distance of 261.06'
a chord bearing of N 75d 58'42" W a distance of 258.45' to a point thence S 89d 58'04" W
a distance of 145.95' to a point thence N 45d 27'14" W a distance of 28.08' to a point
thence S 00d 52'32" E a distance of 64.71' to a point
to the Point of Beginning
Containing 303058.6477 square feet or 6.9573 acres more or less.

PARCEL B (Phase II Improvements)

Beginning at a point of reference at the East quarter corner of Section 28 T 26 S R 40 E from whence
the southeast corner of said section bears S 00d 52' 32" E thence
thence S 00d 52'32" E a distance of 65.30' to a point thence N 44d 32'46" E a distance of 28.49' to a
point thence N 89d 58'04" E a distance of 144.04' to a point around a curve to the right
through a central angle of 33d 18'16" an arc distance of 257.01' a chord bearing of S 73d 22'48" E
a distance of 253.41' to the point of beginning, thence, around a curve to the left through a central
angle of 05d 11'48" an arc distance of 48.27' a chord bearing of S 59d 19'34" E a distance of 48.25' to
a point thence S 75d 23'56" W a distance of 27.11' to a point around a curve to the left through a
central angle of 32d 47'18" an arc distance of 154.51' a chord bearing of S 16d 19'42" W a distance of
152.41' to a point thence S 00d 03'57" E a distance of 873.13' to a point thence S 45d 02'57" E a
distance of 28.28' to a point thence S 89d 58'02" W a distance of 100.00' to a point thence N 44d
57'03" E a distance of 28.29' to a point thence N 00d 03'57" W a distance of 873.08' to a point
around a curve to the right through a central angle of 32d 05'20" an arc distance of 184.82'
a chord bearing of N 15d 58'43" E a distance of 182.41' to a point thence N 15d 44'52" W
a distance of 29.62' to a point around a curve to the right through a central angle of 06d 47'27"
an arc distance of 52.40' a chord bearing of S 60d 07'23" E a distance of 52.37' to a point
to the Point of Beginning
Containing 65789.0505 square feet or 1.5103 acres more or less.

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____, Notary Public,
(Print Name of 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(s) 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/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
- General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above



EXHIBIT "B"

AGENCY IMPROVEMENTS

The Agency intends to complete the project which includes construction of infrastructure improvements for a 58.55 acre business park and is planned to be accomplished in two phases. Phase-I includes development of 38 to 42 acres through an Economic Development Administration (EDA) grant. Construction for Phase-I Improvements is tentatively scheduled to begin on March 15, 2002, with completion by March of 2003. Phase-II includes development of the remaining acreage and is scheduled for implementation when approximately 70% to 80% of the Phase-I parcels have been fully developed.

Phase I and II improvements include surface preparation and utility distribution systems. Surface requirements include streets, gutters, sidewalk, street lighting, and drainage improvements. Utility distribution systems for water and sewer are included as well as some preparatory work (trenching and conduit) for electrical and communication lines. Electric and communication wires and gas distribution lines will be provided for through a separately funded but related project, necessary for complete development of each parcel.

The 38 to 42 acres included in the Phase I Business Park project will be subdivided into approximately 20 to 27 parcels. These parcels will be created as a result of implementing all required infrastructure improvements, right-of-way dedications and utility laterals to each parcel. This will facilitate the rapid construction of buildings in order to fast track parcel development by new businesses. Of the 25 parcels 15 will be approximately 20,000 SF in size and the 10 larger parcels will vary in size up to 211,000 SF.

Phase I Performance Schedule

Financing

1. EDA authorizes funding for Infrastructure improvements 07-15-2000*

Design

1. Contract award for Engineering and Construction drawing preparation 01-15-2001
2. Plans, Specifications and Engineering drawings completed 09-15-2001

Entitlements

1. Planning and Environmental (entitlements/Public hearings) initiated 07-15-2000
2. Planning and Environmental completed 04-15-2001

Construction

1. Advertise and award construction contract 03-15-2002
2. Start of project construction 03-15-2002
3. Complete project construction 03-15-2003
4. Start of project inspection 03-15-2002
5. Project inspection complete 03-15-2003
6. Project construction close out 09-15-2003

* Failure to receive funding commitment by this date is not a default so long as subsequent times are met.

Phase II Performance Schedule

Base Date means the date of sale of the final Group II Parcel.

Financing

- 1. Agency receives commitment for funding for Phase II Infrastructure Improvements 6 months following Base Date

Design

- 1. Contract award for Engineering and Construction drawing preparation 12 months following Base Date
- 2. Plans, Specifications and Engineering drawings completed 6 months following Base Date

Entitlements

- 1. Planning and Environmental (entitlements/Public hearings) initiated 6 months following Base Date
- 2. Planning and Environmental completed 15 months following Base Date

Construction

- 1. Advertise and award construction contract 26 months following Base Date
- 2. Start of project construction 26 months following Base Date
- 3. Complete project construction 38 months following Base Date
- 4. Start of project inspection 26 months following Base Date
- 5. Project inspection complete 28 months following Base Date
- 6. Project construction close out 44 months following Base Date

EXHIBIT "C"

WHEN RECORDED MAIL TO and)
MAIL TAX STATEMENTS TO:)
)
Ridgecrest Redevelopment Agency)
100 W. California Avenue)
Ridgecrest, California 93555)
Attention: Agency Secretary)
)

(Space above for recorder's use only)
No recording fee pursuant to Government Code Section 6103

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

China Lake Properties

hereby GRANT(S) to Ridgecrest Redevelopment Agency, a body corporate and politic the real property in the City of Ridgecrest, County of Kern, State of California, described in Attachment A, attached hereto and incorporated.

The Land Underlying the Proposed Rights-of-Way is subject to a Power of Termination, as defined by Civil Code section 885.010, et. sec., or successor provisions thereto, to the extent that the Improvements as defined in the Agreement to be constructed upon such land or portion thereof, are not completed. The exercise of the Power of Termination shall be identified by the commencement of a foreclosure proceeding, non-judicially by the recordation of a notice of default, or judicially by the filing of a complaint for judicial foreclosure. Further, the trustee's deed upon sale in a non-judicial foreclosure action or the entry of judgment in an action for judicial foreclosure shall be effective to transfer the title to the Land Underlying the Proposed Rights-of-Way then subject to the Power of Termination to the transferee identified in such trustee's deed or the such judgment or execution resulting therefrom. This Power of Termination shall not apply to any portion of the Land Underlying the Proposed Rights-of-Way upon which the Improvements have been completed.

Dated: 04/19/2000

CHINA LAKE PROPERTIES, a California limited partnership

By: *Meghan M. Handberg*
Its: *General Partner*

MTO

CONFIRMED TO BE A TRUE
COPY OF THE ORIGINAL
FILED IN THE PUBLIC RECORDS

EXHIBIT "E"

PROMISSORY NOTE

\$ _____

2 May 2000
Ridgecrest, California

FOR VALUE RECEIVED, RIDGECREST REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency"), promises to pay to China Lake Properties, a California limited partnership ("China Lake") or order at China Lake's office at 5150 Savannah Drive, Banning, California 92220, or such other place as China Lake may designate in writing, the principal sum of One Million, Eight Hundred Fifty-Three, Four Hundred Seventy-Eight Dollars (\$1,853,478.00) (the "Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the "Note") is given in accordance with that certain Agreement and Escrow Instructions For Acquisition of Real Property executed by the Agency and China Lake, dated as of 2 May 2000 (the "Agreement"). The rights and obligations of the Agency and China Lake under this Note shall be governed by the Agreement and by the additional terms set forth in this Note.

2. Interest. The Note Amount shall bear interest at the rate of zero percent (0.00%) per annum.

3. Repayment of Note Amount. The Note Amount shall be payable in part upon the sale or lease of any part of the Group II or Group III Parcels calculated in the manner provided in Section 1 of the Agreement. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth in Section 12 below. The Note Amount shall be adjusted in the manner provided in Section 1.3 of the Agreement.

4. Security. This Note is secured by a Deed of Trust With Assignment of Leases and Rents, Security Agreement, Financing Statement, and Fixture Filing (the "Deed of Trust") dated as of the same date as this Note.

5. Waivers

(a) Agency expressly agrees that this Note or any payment hereunder may be extended from time to time at China Lake's sole discretion and that China Lake may accept security in consideration for any such extension or release any security for this Note at its sole discretion.

(b) No extension of time for payment of this Note made by agreement by China Lake with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Agency under this Note, either in whole or in part.

(c) The obligations of Agency under this Note shall be absolute and Agency waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(d) Agency waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to properties securing or this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by China Lake in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

6. Attorneys' Fees and Costs. Agency agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by China Lake and by the Agency.

9. Agency May Assign. China Lake may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Agency.

10. Agency Assignment Prohibited. In no event shall Agency assign or transfer any portion of this Note without the prior express written consent of China Lake, which consent may be given or withheld in China Lake's sole discretion.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

12. Acceleration and Other Remedies. Upon: (a) the occurrence of a default under the terms of this Note, or (b) a breach or default under the Agreement, China Lake may, at China Lake's option, declare the outstanding principal amount of this Note, and all other sums secured by the Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. China Lake shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as China Lake may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of China Lake in exercising any right hereunder, under the Agreement or under the Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable

hereunder, or part thereof, after the due date of such payment shall not be a waiver of China Lake's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment.

13. Consents. Agency hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Agency, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Agency or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

14. Successors and Assigns. Whenever "Agency" is referred to in this Note, such reference shall be deemed to include the Ridgecrest Redevelopment Agency and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Agency, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of China Lake and China Lake's successors and assigns.

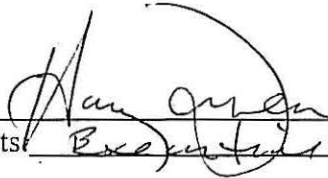
15. No Personal Liability. In the event of any default under the terms of this Note or the Deed of Trust, the sole recourse of China Lake for any and all such defaults shall be by judicial foreclosure or by the exercise of the trustee's power of sale, and the Agency shall not be personally liable for the payment of this Note or for the payment of any deficiency established after judicial foreclosure or trustee's sale; provided, however, that the foregoing shall not in any way affect any rights China Lake may have (as a secured party or otherwise) hereunder or under the Agreement or Deed of Trust to (a) recover directly from the Agency any amounts secured by the Deed of Trust, or any funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by China Lake as a result of fraud, misrepresentation or waste; or (b) recover directly from the Developer any condemnation or insurance proceeds, or other similar funds or payments attributable to the Property which under the terms of the Deed of Trust should have been paid to China Lake, and any costs and expenses incurred by China Lake in connection with (a) or (b) above (including without limitation reasonable attorneys' fees and costs).

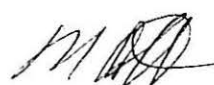


16. **Miscellaneous.** Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Developer acknowledges that this Note was entered into and is to be performed in the County of Kern and irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Kern or the United States District Court of the Central District of California, as Agency hereof may deem appropriate, or, if required, the Municipal Court of the State of California for the County of Kern, in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue.

AGENCY:

RIDGECREST REDEVELOPMENT AGENCY,
a public agency, corporate and politic

By: 
Its: Executive Director



FIRST AMERICAN TITLE COMPANY
634 S. CHINA LAKE BLVD. STE. G * RIDGECREST, CA 93555
(760) 375-4790

ESCROW NUMBER: 44861T
PROPERTY: VACANT LAND
RIDGECREST, CA 93555
PTN. 27/26/40

TODAY'S DATE: 5/12/2000
CLOSING DATE: 5/12/2000

ESCROW CLOSING STATEMENT OF:
RIDGECREST REDEVELOPMENT AGENCY, a public body corporate@

OTHER PARTY:
CHINA LAKE PROPERTIES, LTD., a California Limited @

BUYER'S CLOSING STATEMENT

DESCRIPTION	DEBITS	CREDITS
Sales Price	2,201,958.00	
Deposit By		357,190.58
First Deed of Trust (New) CHINA LAKE PROPERTIES, LTD., a		1,853,478.00
Prorate Real Estate 5/12/2000 to 7/01/2000 @ \$5935.00/6 mos.	1,615.64	
Title Policy Fee FIRST AMERICAN TITLE INS. CO.	4,972.00	
Escrow Fee FIRST AMERICAN TITLE INS. CO.	1,877.00	
Recording fees: Deed \$ 33.00 Mtg \$ 68.00 Releases \$ 25.00	84.50	
Balance Due To Buyer	161.44	
TOTALS	2,210,668.58	2,210,668.58

This statement should be retained by you for Income Tax purposes.

CERTIFIED TO BE A TRUE
CORRECT COPY OF SIGNED ORIGINAL
FIRST AMERICAN TITLE COMPANY



FIRST AMERICAN TITLE COMPANY

634 S. CHINA LAKE BLVD. STE. G - RIDGECREST, CA 93555
Phone: (760) 375-4790 Fax: (760) 375-6807

ESCROW RECEIPT

RECEIPT NUMBER
008646

100-02
Co. Off.

44861T
Escrow Number

5/10/2000
Date

Funds in the amount of \$ 8,710.58

were received from RIDGECREST REDEVELOPMENT AGENCY, a public body cor

and are credited to the escrow account of RIDGECREST REDEVELOPMENT AGENCY, a public body cor

	Bank Name	Check Number	ABA Number	Account Number
Check \$ <u>8,710.58</u>	<u>UNION BANK</u>	<u>04117</u>	<u>16-49</u>	

Property Location
VACANT LAND
RIDGECREST, CA 93555
PTN. 27/26/40

TS

Customer Copy

By: 
Authorized Signature



FIRST AMERICAN TITLE COMPANY

634 S. CHINA LAKE BLVD. STE. G - RIDGECREST, CA 93555
Phone: (760) 375-4790 Fax: (760) 375-6807

ESCROW RECEIPT

RECEIPT NUMBER
008647

100-02
Co. Off.

44861T
Escrow Number

5/10/2000
Date

Funds in the amount of \$ 348,480.00

were received from RIDGECREST REDEVELOPMENT AGENCY, a public body cor

and are credited to the escrow account of RIDGECREST REDEVELOPMENT AGENCY, a public body cor

	Bank Name	Check Number	ABA Number	Account Number
Check \$ <u>348,480.00</u>	<u>UNION BANK</u>	<u>04115</u>	<u>16-49</u>	

Property Location
VACANT LAND
RIDGECREST, CA 93555
PTN. 27/26/40

TS

Customer Copy

By: 
Authorized Signature

This Page Intentionally Left Blank

This Page Intentionally Left Blank

**OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT
SUCCESSOR AGENCY AGENDA ITEM**

SUBJECT:

Approval Of A Resolution Of The OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY Authorizing The Modification Of A Disposition And Development Agreement (DDA) Dated 11/02/06 With CNM Holdings 1 Ltd. / K Partners And Authorizing The City Manager Or His Designee To Negotiate And Execute Any Needed Documents

PRESENTED BY:

Gary Parsons

SUMMARY:

Representatives of K Partners, owners of the Marriott Springhill Suites and Hampton Inn, have requested that the City Of Ridgecrest And The Redevelopment Agency Successor Agency and the OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY modify their existing DDA of 11/02/2006.

As an incentive to the City, K Partners has offered to transfer titles to the City on two lots which they own adjacent to their hotels in exchange for the release of the agreement's development covenants from the two hotels. These covenants require K Partners to develop the lots into an office and a restaurant. However, due to market conditions, they have been unable to do so.

K Partners wishes to refinance their hotel developments and needs a release of the DDA covenants to do so.

The City Of Ridgecrest And The Redevelopment Agency Successor Agency would receive the ownership of the two lots In exchange for the modification of the DDA.

FISCAL IMPACT: The City Of Ridgecrest And The Redevelopment Agency Successor Agency would acquire two lots currently valued at over \$300,000

ACTION REQUESTED:

Approval of Resolution

Submitted by: G. Parsons
(Rev 2/13/12)

Action Date: February 12, 2015

This Page Intentionally Left Blank

RESOLUTION NO. 15 – 03

A RESOLUTION OF THE OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY AUTHORIZING THE MODIFICATION OF A DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) DATED 11/02/06 WITH CNM HOLDINGS 1 LTD. / K PARTNERS AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE ANY NEEDED DOCUMENTS

WHEREAS, the OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY has met and has duly considered modification of the existing Disposition and Development Agreement (DDA) dated 11/02/06 with CNM Holdings 1 LTD / K Partners; and,

WHEREAS, CNM Holdings 1 LTD / K Partners has requested that this agreement be modified to allow for the refinancing of certain hotel property stated in the Agreement; and,

WHEREAS, the Oversight Board To The Ridgcrest Redevelopment Successor Agency has reviewed the requested modifications to the existing agreement of 11/02/2006; and,

WHEREAS, the Oversight Board To The Ridgcrest Redevelopment Successor Agency desires to accept the requested modifications in exchange for certain incentives provided by CNM Holdings 1 LTD /K Partners.

NOW, THEREFORE, BE IT RESOLVED by the OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY, as follows:

SECTION 1. The OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY finds and determines that the foregoing recitals are true and correct.

SECTION 2. The OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY approves the request for the modification of the CNM Holdings 1 LTD / K Partners in exchange for K Partners offer of incentives.

SECTION 3. The OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY authorize and direct the city manager or his designee to negotiate and execute any necessary documents needed to complete the modification of the CNM Holdings 1 LTD / K Partners Disposition and Development Agreement of 11/02/2006.

PASSED, APPROVED, AND ADOPTED at a meeting of the OVERSIGHT BOARD TO THE RIDGECREST REDEVELOPMENT SUCCESSOR AGENCY, held on this the 12th day of February, 2015 by the following vote, to wit:

Ayes:
Nays:
Absent:
Abstain:

Gary Rice, Chairman

ATTEST:

Ricca Charlon

This Page Intentionally Left Blank

**CERTIFIED
TO BE A TRUE COPY**

BY *Jerry Smith*
First American Title Company

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

THE RIDGECREST REDEVELOPMENT AGENCY

And

CNM HOLDINGS I LTD., A TEXAS LIMITED PARTNERSHIP

100.	INTRODUCTORY PROVISIONS	2
101.	Definitions.....	2
102.	Representations and Warranties.....	5
102.1	Agency Representations.....	5
102.2	Developer's Representations.....	5
103.	Transfers of Interest in Site or Agreement.....	6
103.1	Prohibition.....	6
103.2	Permitted Transfers.....	6
103.3	Agency Consideration of Requested Transfer	7
103.4	Successors and Assigns.....	7
200.	DISPOSITION OF SITE.....	7
201.	Disposition of the Site to the Developer.....	7
202.	Escrow.....	7
202.1	Costs of Escrow	8
202.2	Escrow Instructions.....	8
202.3	Authority of Escrow Agent.....	8
202.4	Closing.....	9
202.5	Termination.....	9
202.6	Closing Procedure.....	9
203.	Review of Title	10
204.	Title Insurance	10
205.	Conditions of Closing.....	10
205.1	Agency's Conditions of Closing.....	11
205.2	Developer's Conditions of Closing.....	11
206.	Studies and Reports.....	12
207.	Condition of the Site.....	12
207.1	As-Is Condition.....	12
207.2	Agency Representation	12
207.3	Investigation of Site	13
207.4	Developer Precautions After Closing.....	13
207.5	Required Disclosures After Closing.....	13
207.6	Developer Indemnity - Hazardous Materials.....	13
208.	Taxes and Assessments.....	13
300.	DEVELOPMENT OF THE SITE.....	14
301.	Scope of Development.....	14
301.1	Developer Improvements.....	14
302.	Construction Drawings and Related Documents	14
303.	Land Use Approvals	14
304.	Schedule of Performance	14
305.	Cost of Construction	15
306.	Insurance Requirements.....	15
307.	Developer's Indemnity.....	15
308.	Rights of Access	15

309.	Compliance With Laws.....	16
309.1	Nondiscrimination in Employment.....	16
309.2	Taxes and Assessments.....	16
310.	Release of Construction Covenants.....	16
311.	Financing of the Developer Improvements.....	17
311.1	Construction Financing.....	17
311.2	No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Rack for Development.....	17
311.3	Holder Not Obligated to Construct Improvements.....	17
311.4	Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure.....	18
311.5	Failure of Holder to Complete Improvements.....	18
311.6	Right of the Agency to Cure Mortgage or Deed of Trust Default.....	19
400.	COVENANTS AND RESTRICTIONS.....	19
401.	Covenant to Use Site In Accordance with Redevelopment Plan.....	19
402.	Maintenance Covenants.....	19
403.	Nondiscrimination Covenant.....	19
404.	Effect of Violation of the Terms and Provisions of this Agreement.....	20
500.	DEFAULTS AND REMEDIES.....	21
501.	Default Remedies.....	21
502.	Institution of Legal Actions.....	21
503.	Termination by Developer.....	21
504.	Termination by Agency.....	21
505.	Acceptance of Service of Process.....	21
506.	Rights and Remedies Are Cumulative.....	22
507.	Inaction Not a Waiver of Default.....	22
508.	Applicable Law.....	22
600.	GENERAL PROVISIONS.....	22
601.	Notices, Demands and Communications Between the Parties.....	22
602.	Enforced Delay; Extension of Times of Performance.....	22
603.	Non-Liability of Officials and Employees of Agency and Developer.....	23
604.	Relationship Between Agency and Developer.....	23
605.	Agency Approvals and Actions.....	23
606.	Commencement of Agency Review Period.....	23
607.	Counterparts.....	23
608.	Integration.....	23
609.	Attorneys' Fees.....	24
610.	Real Estate Brokerage Commission.....	24
611.	Project Sign.....	24
612.	Ceremonies.....	24
613.	Administration.....	24
614.	Amendments of Agreement.....	24
615.	Titles and Captions.....	24
616.	Interpretation.....	25

617.	No Waiver.....	25
618.	Modifications.....	25
619.	Severability.....	25
620.	Computation of Time.....	25
621.	Legal Advice.....	25
622.	Time of Essence.....	25
623.	Cooperation.....	25
624.	Conflicts of Interest.....	25
625.	Time for Acceptance of Agreement by Agency.....	26

ATTACHMENTS:

Attachment No. 1	Site Map
Attachment No. 2	Site Legal Descriptions
Attachment No. 3	Schedule of Performance
Attachment No. 4	Scope of Development
Attachment No. 5	Grant Deed
Attachment No. 6	Declaration of Conditions, Covenants and Restrictions
Attachment No. 7	Release of Construction Covenants
Attachment No. 8	Memorandum of Agreement

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into by and among the RIDGECREST REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency") CNM Holdings I Ltd., a Texas limited partnership, and/or assigns (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Section 101 of this Agreement:

A. The Redevelopment Plan for the Ridgcrest Redevelopment Project (the "Redevelopment Plan") was approved and adopted by the City Council of the City of Ridgcrest on November 1986, by Ordinance No. 86-37, as amended.

B. The Agency is authorized and empowered under the Community Redevelopment Law, to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within a redevelopment project area in conformity with a redevelopment plan adopted for such area; to acquire real and personal property in redevelopment project areas; to receive consideration for the provision by the Agency of redevelopment assistance; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and to incur indebtedness to finance or refinance redevelopment projects.

C. The Agency owns that certain real property consisting of Parcels 18, 19 and 22 of Parcel Map 10819 for the Ridgcrest Business Park which is approximately 5.21 net acres in size in the Redevelopment Project Area (the "Site") as shown on the Site Map attached hereto as Attachment No. 1 and as more particularly described in the Site Legal Description attached hereto as Attachment No. 2.

D. The Developer desires to acquire the Site and to develop an office facility, casual dining restaurant and hotel thereon.

F. The Agency and the Developer desire to enter into this Agreement in order to implement the provisions of the Redevelopment Plan by providing for the Developer's acquisition of the Site and the construction and operation of the improvements thereon.

F. The Agency further desires to enter into this Agreement for the improvement of the Site by the Developer because, pursuant to the Community Redevelopment Law and the Redevelopment Plan, such actions will help to eliminate blight in the Redevelopment Project, increase the employment opportunities within the Redevelopment Project, generate additional property taxes with which the community can assist in providing an environment for the social, economic and psychological growth and well-being of the citizens of the City.

G. The Developer's acquisition and development of the Site pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City and the health, safety, and welfare of its residents and are in accord with the provisions of applicable federal, state and local law.

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. INTRODUCTORY PROVISIONS

101. Definitions.

"Agency" means the Ridgecrest Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law, and any assignee of or successor to its rights, powers and responsibilities.

"Agency's Conditions Precedent" is defined in Section 205.1 hereof.

"Agreement" means this Disposition and Development Agreement by and between the Agency and the Developer.

"CC&R's" means the Declaration of Conditions, Covenants and Restrictions attached hereto as Attachment No. 6 and incorporated herein by reference.

"City" means the City of Ridgecrest, a California municipal corporation.

"Claimant" is defined in Section 501 hereof.

"Closing" is defined in Section 202.4 hereof.

"Closing Date" is defined in Section 202.4 hereof.

"Community Redevelopment Law" means California Health and Safety Code Sections 33000, et seq. as the same now exists or may hereafter be amended.

"Construction Drawings" is defined in Section 302 hereof.

"Date of Agreement" means the date upon which this Agreement shall have been executed by the Agency.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 601 hereof.

"Default Notice" is defined in Section 501 hereof.

"Developer" means CNM Holdings I Ltd., and any assignee or successor to the Developer permitted pursuant to the terms of this Agreement.

"Developer Costs" is defined in Section 614 hereof.

"Developer Improvements" means the improvements to be constructed by Developer, as more particularly described herein and in the Scope of Development.

"Developer Request" is defined in Section 614 hereof.

"Environmental Law" means (i) Sections 25115, 25117, 25122.7 or 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) Article 9 or Article II of Title 22 of the California Administrative Code, Division 4, Chapter 20, (vi) Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (vii) Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq. (42 U.S.C. Section 6903) or (viii) Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 6901, et seq.

"Environmental Consultant" is defined in Section 207.2 hereof.

"Escrow" is defined in Section 202 hereof.

"Escrow Agent" is defined in Section 202 hereof.

"Exceptions" is defined in Section 203 hereof.

"Governmental Requirement(s)" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Site.

"Grant Deed" means the Grant Deed for the conveyance of the Site from the Agency to the Developer which is attached hereto as Attachment No. 5 and incorporated herein by reference.

"Hazardous Materials" means any substance, material or waste which is or becomes, prior to the Closing, regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article II of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq. (42 U.S.C. Section 6903) or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 6901, et seq.

"Improvements" means the Developer Improvements.

"Memorandum of Agreement" means the Memorandum of Agreement attached hereto as Attachment No. 8 and incorporated herein by reference.

"Notice" is defined in Section 601 hereof. As used herein, the term "Notice" includes a Default Notice.

"Outside Date" is defined in Section 202.4 hereof.

"Project" means and refers to both the Site and the Developer Improvements to be constructed thereon.

"Redevelopment Plan" means the Redevelopment Plan for the Ridgecrest Redevelopment Project which was approved and adopted by the City Council of the City of Ridgecrest on November 19, 1986, by Ordinance No. 86-37, as amended.

"Redevelopment Project" means the Ridgecrest Redevelopment Project, adopted by the City pursuant to the Redevelopment Plan.

"Redevelopment Project Area" means the property which is within the Redevelopment Project.

"Release of Construction Covenants" means the document which evidences Developer's satisfactory completion of the Developer Improvements, as set forth in Section 311 hereof in the form of Attachment No. 7 hereto which is incorporated herein by reference.

"Report" is defined in Section 203 hereof.

"Schedule of Performance" means that certain Schedule of Performance attached hereto as Attachment No. 3 and incorporated herein by reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency's Executive Director, and the Agency's Executive Director is authorized to make such revisions as he deems reasonably necessary.

"Scope of Development" means that certain Scope of Development attached hereto as Attachment No. 4 and incorporated herein by reference, which describes the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement.

"Site" means that certain real property which is approximately 5.21 net acres in size and which is located in the Ridgecrest Business Park in the Redevelopment Project Area, as depicted on the Site Map and more particularly described in the Site Legal Description.

"Site Legal Description" means the description of the Site which is attached hereto as Attachment No. 2 and incorporated herein by reference.

"Site Map" means the map of the Site which is attached hereto as Attachment No. 1 and incorporated herein by reference.

"State" means the State of California.

"Title Company" is defined in Section 203 hereof "Title Policy" is defined in Section 204 hereof.

102. Representations and Warranties.

102.1 Agency Representations. Agency hereby makes the representations and warranties contained below in this Section 102.1. All of the representations and warranties set forth in this Section 102.1 are effective as of the Date of this Agreement. All of the representations and warranties set forth in this Section 102.1 are made with the acknowledgment that they are material, and with the intention that the Developer shall rely upon them as inducements to enter into this Agreement and to perform their obligations hereunder. The representations and warranties contained in this Section 102.1 shall each survive the execution of this Agreement without limitation as to time.

(a) *Authority.* The Agency is a public body, corporate and politic, existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. The Agency has full right, power and lawful authority to enter into this Agreement and the execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions.

(b) *No Conflict.* The Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(c) *No Agency Bankruptcy.* The Agency is not the subject of a bankruptcy proceeding.

(d) *Deliveries.* All documents, instruments and other information delivered by the Agency to the Developer pursuant to this Agreement are true, correct and complete.

Each of the foregoing items (a) to (d), inclusive shall be deemed to be an ongoing representation and warranty. The Agency shall advise the Developer in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (d), inclusive.

102.2 Developer's Representations. The Developer hereby makes the representations and warranties contained below in this Section 102.2. All of the representations and warranties set forth in this Section 102.2 are effective as of the Date of this Agreement. All of the representations and warranties set forth in this Section 102.2 are made with the acknowledgment that they are material, and with the intention that the Agency shall rely upon them as inducements to enter into this Agreement and to perform its obligations hereunder and to close the transactions contemplated herein. The representations and warranties contained in this Section 102.2 shall each survive the execution of this Agreement without limitation as to time.

(a) *Authority.* The Developer is a duly sole proprietor within and in good standing under the laws of the State of California and is authorized to do business in California. The Developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer. The Developer has provided the

Agency with true and correct copies of documentation reasonably acceptable to the Agency's Executive Director, or his designee, designating the party authorized to execute this Agreement on behalf of the Developer.

(b) No Conflict. The Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(c) No Developer Bankruptcy. The Developer is not the subject of a bankruptcy proceeding.

(d) Deliveries. To Developer's actual knowledge, all documents, Instruments and other information delivered by the Developer to the Agency pursuant to this Agreement are true, correct and complete.

Each of the foregoing items (a) to (d), inclusive shall be deemed to be an ongoing representation and warranty. The Agency shall advise the Developer in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (d), inclusive.

103. Transfers of Interest in Site or Agreement.

103.1 Prohibition. The qualifications and identity of Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. For the period commencing upon the Date of this Agreement and until the issuance of the Release of Construction Covenants, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Developer Improvements thereon without prior written approval of Agency, except as expressly set forth herein. Following the issuance of the Release of Construction Covenants, the Agency's approval of a transfer as contemplated under this Section 103.1 shall no longer be required.

103.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of an assignment of this Agreement or conveyance of the Site or the Developer Improvements, or any part thereof, shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

(b) The conveyance of a portion of the Site to a restaurant developer or operator for purposes of the development of a casual dining restaurant. For purposes of this Agreement, a "casual dining" restaurant shall include a sit-down restaurant such as, but not limited to, a Chili's or Applebee's.

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by Agency pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent

financing of the Developer Improvements or transfer to development entity in which Developer and/or assigns retains a controlling interest.

103.3 Agency Consideration of Requested Transfer. The Agency agrees that it will not unreasonably withhold approval of a request made pursuant to this Section 103, provided the Developer delivers written notice to the Agency requesting such approval. With respect to any proposed transfer prior to the issuance of the Release of Construction Covenants, such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 103 and as reasonably determined by the Agency. The Agency shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 103 applies, which the Agency determines does not possess equal or better qualifications than the transferring Developer. An assignment and assumption agreement in a form satisfactory to Agency's legal counsel shall also be required for all proposed assignments. Within thirty (30) days after the receipt of the Developer's written notice requesting Agency approval of an assignment or transfer pursuant to this Section 103 the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, Agency requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested.

103.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

200. DISPOSITION OF SITE

201. Disposition of the Site to the Developer. The Site shall be conveyed to Developer for and in consideration of all of the Developer's obligations hereunder, including but not limited to the Developer's construction of the Developer Improvements and the operation of the Project in compliance with the CC&Rs, the Agency hereby agrees to grant, transfer and convey the Site to the Developer and the Developer agrees to acquire the Site from the Agency for a purchase price of Seven Hundred Eighty-Two Thousand Nine Hundred Sixty Nine Dollars and Twenty Two Cents (\$782,969.22) (the "Purchase Price"). The Purchase Price is based on \$3.45 per square foot. The actual square footage and Purchase Price shall be based on the final parcel maps or surveys to be approved in connection with the development. The Sale Price is at three dollars and forty five cent dollars per square foot. Upon execution of this Agreement, Developer shall make a down payment of \$25,000 which shall be held by the Escrow Agent and shall be released to Developer upon termination of this Agreement pursuant to Section 202.5 on or prior to the end of the Due Diligence Period or shall be applied to the payment of the Purchase Price.

202. Escrow. Within the time set forth in the Schedule of Performance the parties shall open escrow (the "Escrow") with First American Title Company (the "Escrow Agent").

202.1 Costs of Escrow. The Agency and the Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 204 hereof the Agency shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Site, and the Developer and the Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from the Escrow.

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close the Escrow in accordance with the terms of this Agreement. Insurance policies for fire or casualty are not to be transferred, and the Agency will cancel its own policies after the Closing. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State. All disbursements shall be made by check from such account.

If in the opinion of either party it is necessary or convenient in order to accomplish the Closing, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing shall take place when both the Agency's Conditions Precedent and the Developer's Conditions Precedent as set forth in Section 205 have been satisfied. Escrow Agent is instructed to release Agency's escrow closing and Developer's escrow- closing statements to the respective parties.

202.3 Authority of Escrow Agent. The Escrow Agent is authorized to, and shall:

(a) Pay and charge the Agency for the premium of the Title Policy as set forth in Section 204 hereof and any amount necessary to place title to the Site in the condition necessary to satisfy Section 203 of this Agreement.

(b) Pay and charge the Developer and the Agency for their respective shares of any escrow fees, charges, and costs payable under Section 202.1 of this Agreement.

(c) Disburse funds and deliver and record the Grant Deed and the CC&R's when both the Developer's Conditions Precedent and the Agency's Conditions Precedent have been fulfilled or waived by the Developer and the Agency.

(d) Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations with respect to the Site under this Agreement.

(e) Within the discretion of the Escrow Agent and, if necessary, direct the Agency and the Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by the Escrow Agent, on the form to be supplied by the Escrow Agent.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

202.4 Closing. The conveyance of the Site shall close (the "Closing") within thirty (30) days of the parties' satisfaction of all of the Agency's and the Developer's Conditions Precedent as set forth in Section 205 hereof, but in no event later than one hundred twenty (120) days from the Date of Agreement (the "Outside Date"); provided, that the Outside Date may be extended for a period up to sixty (60) days upon written notice to the Agency prior to the Outside Date that such additional period is required due to processing delays by the City and/or Agency and stating the nature of such delays. The "Closing" shall mean the time and day the Grant Deed is filed for record with the Kern County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

202.5 Termination. Developer shall have 90 days from the Date of Agreement or such extended period (the "Due Diligence Period") to satisfy itself with respect to the condition of the Site as provided in Section 207, title as provided in Section 203 and to such other matter affecting the development of the Site and may terminate this Agreement in its sole discretion on or prior to the end of the Due Diligence Period by giving written notice of such termination to the Agency. If the Escrow is not in condition to close by the Outside Date, then either party which has fully performed under this Agreement may, in writing, demand the return of money or property and terminate this Agreement. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate until five (5) days after the Escrow Agent shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, the Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Termination of this Agreement shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

202.6 Closing Procedure. The Escrow Agent shall close the Escrow for the Site as follows:

(a) Record the Grant Deed with instructions for the Recorder of Kern County, California to deliver the Grant Deed to the Developer;

(b) Record the CC&Rs with instructions for the Recorder of Kern County, California to deliver the CC&Rs to the Agency;

(c) Record the Memorandum of Agreement with instruction for the Recorder of Kern County, California to deliver the Memorandum of Agreement to the Agency;

(d) Instruct the Title Company to deliver the Title Policy to the Developer;

(e) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(f) Deliver the FIRPTA Certificate, if any, to Developer;

(g) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into the Escrow, with such recording and filing date and information endorsed thereon; and

(h) Record documents requested by the Developer subsequent to the recordation of the Grant Deed, the CC&R's and the Memorandum of Agreement.

203. Review of Title. Within the time set forth in the Schedule of Performance, the Agency shall cause Lawyers Title, or another title company mutually agreeable to both parties (the "Title Company"), to deliver to Developer a standard CLTA preliminary title report (the "Report") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report. The Developer shall have the right to reasonably approve or disapprove the Exceptions.

Within the time set forth in the Schedule of Performance, the Developer shall give written notice to the Agency and the Escrow Agent of Developer's approval or disapproval of any of such Exceptions. Developer's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report and the Exceptions set forth therein. If the Developer notifies the Agency of its disapproval of any Exceptions in the Report, the Agency shall have the right, but not the obligation, to remove any disapproved Exceptions within fifteen (15) days after receiving written notice of Developer's disapproval or provide assurances reasonably satisfactory to the Developer that such Exception(s) will be removed on or before the Closing. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, the Agency shall provide written notice of such election to Developer within such fifteen (15) day period. The Developer shall then have ten (10) business days after the expiration of such ten (10) business day period to either give the Agency written notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this Agreement. The Developer shall have the right to approve or disapprove any Exceptions reported by the Title Company after the Developer has approved the Report for the Site (which are not created by the Developer. The Agency shall not voluntarily create any new exceptions to title following the Date of this Agreement.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to the Site to the Developer, there shall be issued to the Developer a CLTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in Developer in the condition required by Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Title Policy shall be for the amount of the Purchase Price. The Agency shall pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy in the amount of Purchase Price. Any additional costs, including the cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer.

205. Conditions of Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

205.1 Agency's Conditions of Closing. Agency's obligation to proceed with the Closing of the conveyance of the Site is subject to the fulfillment or waiver by the Agency in writing of each and all of the conditions precedent (a) through (e), inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived in writing by the Agency by the time periods provided for herein:

(a) No Default. Prior to the Close of Escrow, the Developer is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of the Developer contained herein shall be true and correct in all material respects.

(b) Execution of Documents. The Developer shall have executed and delivered the CC&R's, the Memorandum of Agreement and any other documents required hereunder to which it is a party.

(c) Payment of Closing Costs. Developer has paid or submitted to Escrow all costs of Closing which are Developer's obligation in accordance with Section 202.1 hereof.

(d) Proof of Financing. Developer shall have provided the evidence of financing to the Agency in accordance with Section 312.1 hereof and the Agency's Executive Director or his designee has approved such proof of financing.

(e) Articles of Incorporation. Developer shall have submitted to the Agency its articles of incorporation and such other corporate documents reasonably requested by the Agency.

205.2 Developer's Conditions of Closing. Developer's obligation to accept conveyance of the Site is subject to the fulfillment or waiver by Developer in writing of each and all of the conditions precedent (a) through (e), inclusive, described below ("Developer's Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived in writing by the Developer by the time periods provided for herein:

(a) No Default. The Agency is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of the Agency contained herein shall be true and correct and not misleading in all material respects.

(b) Execution of Documents. The Agency shall have executed and delivered the Grant Deed, the CC&R's, the Memorandum of Agreement and any other documents required hereunder to which it is a party.

(c) Payment of Closing Costs. Prior to the Close of Escrow, the Agency has paid or submitted into Escrow all costs of Closing which are Agency's obligation in accordance with Section 202.1 hereof.

(d) Review and Approval of Title. The Developer shall have reviewed and approved the Report, as provided in Section 203 hereof.

(e) Title Policy. The Title Company shall be prepared to issue the Title Policy to Developer in the form required under Section 204 of this Agreement.

(f) *Developer's Environmental Contingency.* This Agreement, or escrow created hereby, is additionally contingent upon the Developer receiving satisfactory evidence, in the form of an environmental assessment report, from a licensed contractor who is acceptable to the Developer in its sole and absolute discretion and who shall be hired by the Developer, showing that the Site is free from any Hazardous Materials in the soil or groundwater, or any other conditions which may affect the value of the Site. In the event the Developer is not able to obtain such an environmental assessment report, the Developer is entitled to conduct such further and other examination and testing as it or any other responsible governmental agency may require or request to determine the nature, source, scope, and extent of such Hazardous Materials, or it may cancel escrow. If a licensed contractor selected by the Developer determines that there are Hazardous Materials in, on or under the Site, including in the groundwater, then the Developer may elect to: cancel escrow; or (ii) purchase the Site at the price agreed to herein, Regardless of which option is selected by the Developer in the event Hazardous Materials are found in, on or under the Site, neither party waives or relinquishes any common law or statutory rights it or they may have against one another or third persons arising from or related to the cause or source of the Hazardous Materials, or for contribution or indemnity as a result of site evaluation, remediation and cleanup costs and liability.

206. Studies and Reports. Prior to the Closing, representatives of the Developer shall have the right of access to all portions of the Site owned by the Agency for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. Any preliminary work undertaken on the Site by the Developer prior to the Closing shall be done at the sole expense of the Developer and the Developer shall defend, indemnify and hold the Agency harmless from any claims related to physical damage to property or injuries to persons and resulting from all preliminary work, access or use of the Site undertaken pursuant to this Section 206. Any preliminary work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

207. Condition of the Site.

207.1 As-Is Condition. Notwithstanding any provisions of this Agreement to the contrary, the Site shall be conveyed in an "as is" condition, with no warranty, express or implied by the Agency, as to the condition of improvements on the Site, the soil, its geology, the presence of known or unknown faults or Hazardous Materials or toxic substances. It shall be the sole responsibility of the Developer at its expense to investigate and determine the soil and improvement conditions for the development to be constructed. If the soil environmental condition is not in all respects entirely suitable for the use or uses to which the Site will be put, then, subject to the Developer's right to terminate this Agreement as set forth in Section 205.2(f) hereof, it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the soil conditions of the Site in a condition entirely suitable for its development.

207.2 Agency Representation. To the best of Agency's knowledge, neither Agency nor any prior owner or occupant of the Property has engaged in or permitted any activity on the Property involving the handling, manufacture, treatment, storage, use, release, or disposal of any Hazardous Materials. To Agency's knowledge, removal or other remedial action with respect to Hazardous Materials in, on, under or about the Property is not required by any governmental authority having jurisdiction over the Property.

207.3 Investigation of Site. The Developer shall have the right, at its sole cost and expense, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations as Developer deems necessary, including any "Phase I" or "Phase 2" investigations of the Site. The Developer shall provide the Agency with a copy of any and all studies and reports provided to the Developer by the Environmental Consultant, or such other consultant engaged by the Developer; provided, however, same shall be delivered without representation or warranty of any kind.

207.4 Developer Precautions After Closing. Upon the Closing, the Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials in, on or under the Site.

207.5 Required Disclosures After Closing. After the Closing, the Developer shall notify the Agency, and provide to the Agency a copy or copies, of all notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks. The Developer shall report to the Agency, as soon as possible after each incident, any known Hazardous Materials release or known circumstances which would potentially lead to such a release.

207.6 Developer Indemnity - Hazardous Materials. Upon the Closing, the Developer agrees to indemnify, defend and hold the Agency and the City, and their respective officers, employees, agents, representatives and volunteers, harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site, arising or occurring after the Closing Date or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site. This indemnity shall include, without limitation, any damage, liability, fine, penalty, parallel indemnity after closing cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. This indemnity shall not include any Claim directly resulting from, arising out of, or based solely upon the negligent or intentional acts or omissions of the Agency, or any of its officers, employees or agents.

208. Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Site levied, assessed, or imposed for any period prior to the conveyance of title or delivery of possession thereto, shall be borne by the Agency. All such ad valorem taxes and assessments levied or imposed for any period after such conveyance of title or delivery of possession shall be paid by the Developer.

300. DEVELOPMENT OF THE SITE

301. Scope of Development.

301.1 Developer Improvements. The Developer shall develop the Developer Improvements upon the Site, in accordance with the Scope of Development and all entitlements and approvals for the Site and within the time periods set forth in the Schedule of Performance and the plans, drawings and documents submitted by Developer and approved by Agency as set forth herein. The Developer Improvements shall generally consist of professional office, casual dining restaurant and hotel uses as more fully described in the Scope of Development to be completed in the order determined by the Developer in its sole discretion.

302. Construction Drawings and Related Documents. Within the time set forth in the Schedule of Performance, the Developer shall prepare and submit to the City and the Agency, construction drawings, landscape plans, and related documents required for the development of the Site (the "Construction Drawings"). The City shall have the right of review of all Construction Drawings, including any proposed changes therein. The Agency shall utilize reasonable efforts in an attempt to coordinate with the City to cause the reviews and approvals required in connection with the Developer Improvements to occur in as expeditious a manner as possible. Landscaping Plans shall submitted to and approved by the Director of Community Development.

303. Land Use Approvals. The Agency represents and warrants that the Site is appropriately zoned for the proposed use and is regulated by a specific plan that fosters integration of similar land-use programs, site designs, and architectural solutions. Use of sensitive construction materials is encouraged, which should be integrated with landscape treatments that need to follow the City's xeriscape and/or staff recommendations. The City's current Master Environmental Document provides for full environmental clearance. Site plan review will be conducted at the Planning Commission level and all architectural reviews will be handled at staff level. To the extent any other approvals are required, Agency agrees to assist the Developer in obtaining such approvals. Developer shall, without limitation, apply for and secure all permits required by the City, the County of Kern and other governmental agencies with jurisdiction over the Developer Improvements.

304. Schedule of Performance. Developer shall submit the Construction Drawings, commence and complete all construction of the Developer Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefore in the Schedule of Performance. The Schedule of Performance is subject to revision from time-to-time as mutually agreed upon in writing by the Developer and the Agency's Executive Director and Agency's Executive Director is authorized to make such revisions as he deems reasonably necessary. In the event that developer fails to enter into an agreement with a third party restaurant developer for the development of restaurant or commence construction of the office building within the time provided in the Schedule of Performance, the Developer shall submit a report and plan detailing how the restaurant and office building will be developed (the "Report and Plan"). If the Report and Plan are submitted to the Agency, then the time to commence construction of the office building or to enter into an agreement with a third party restaurant developer for the development of restaurant shall be extended for a period of 24 months (the "Extension Period"). In the event that Developer fails to commence construction of the office building or to enter into an agreement with a third party restaurant developer for the development of restaurant within the time provided in the Schedule of Performance, as it may be amended, then the Agency, in its sole direction, may require Developer to reconvey the parcel upon which the office building and or restaurant was to be constructed to the

Agency for an amount equal to the amount paid by Developer for such parcel calculated in the bases of \$3.45 per square foot.

305. Cost of Construction. The Agency agrees to construct, at its expense, all off-site improvements required by the City in connection with the development of the Site as described in the Scope of Development. Except as otherwise expressly set forth herein, all of the cost of planning, designing, developing and constructing all of the Developer Improvements, shall be borne solely by the Developer.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the Release of Construction Covenants pursuant to Section 311 of this Agreement, a comprehensive general liability policy in the amount of Two Million Dollars (\$2,000,000.00) combined single limit policy, and a comprehensive automobile liability policy in the amount of Two Million Dollars (\$2,000,000.00), combined single limit, or such other policy limits as the Agency may approve at its discretion, including contractual liability, as shall protect the Developer, the City and the Agency from claims for such damages. Such policy or policies shall be written on an occurrence form. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that the Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The Developer shall furnish a notarized certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify the City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer prior to the commencement of construction of the Developer Improvements.

307. Developer's Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which are legally caused by any acts or omissions of the Developer under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement.

308. Rights of Access. Representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed

in constructing the Developer Improvements so long as Agency representatives comply with all safety rules.

309. Compliance With Laws. The Developer shall carry out the design and construction of the Developer Improvements in conformity with all applicable laws, including the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. Sections 12101, et seq., California Government Code Sections 4450, et seq., California Government Code Sections 11135, a seq., and the Unruh Civil Rights Act, California Civil Code Sections 51, et seq. and all applicable state labor standards and wage laws as set forth in Labor Code §§ 1720, et seq., to the extent applicable to the construction contemplated hereunder as to which the Agency makes no representations. Developer agrees to hold the City and the Agency harmless and to indemnify and defend the City and the Agency from any claims arising under the provisions of Labor Code §§ 1720, et seq., including, but not limited to, the provisions of Labor Code Section 1726 and 1781. Developer expressly waives any rights it may have under Labor Code Sections 1726 or 1782. It shall be the sole responsibility of the Developer to determine the applicability of such laws to the Developer Improvements. Developer agrees to hold harmless, indemnify and defend the Agency from any claim or liability in connection with the requirements of this section.

309.1 Nondiscrimination in Employment. The Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Sections 2000, et seq., the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Sections 621, et seq., the Immigration Reform and Control Act of 1986, 8 U.S.C. Sections 1324b, et seq., 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, California Government Code Sections 12900, et seq., the California Equal Pay Law, California Labor Code Sections 1197.5, California Government Code Section 11135, the Americans with Disabilities Act, 42 U.S.C. Sections 12101, et seq., and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. The Developer shall allow representatives of the Agency access to its employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the Agency.

309.2 Taxes and Assessments. All taxes on the Site shall be prorated as of the Closing Date in accordance with the normal procedures applicable in Kern County. After the Closing, the Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. The Developer shall remove or have removed any levy or attachment made on any of the Site, or any part thereof, or assure the satisfaction thereof within a reasonable time.

310. Release of Construction Covenants. Promptly after completion of the Developer Improvements in conformity with this Agreement, the Agency shall furnish the Developer with a Release of Construction Covenants in the form of Attachment No. 7 hereto. The Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements and the Release of Construction Covenants shall so state. Any party then owning or

thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Sections 400 and 500 of this Agreement. If the Agency refuses or fails to furnish the Release of Construction Covenants for the Site after written request from the Developer, the Agency shall, within thirty (30) working days of such written request, provide Developer with a written statement setting forth the reasons the Agency has refused or failed to furnish the Release of Construction Covenants for the Site. The statement shall also contain a list of the actions the Developer must take to obtain a Release of Construction Covenants.

Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Release of Construction Covenants is not a notice of completion as referred to in the California Civil Code, Section 3093.

311. Financing of the Developer Improvements.

311.1 Construction Financing. Prior to the Close of Escrow, the Developer shall furnish information to the Agency demonstrating, to the Agency's satisfaction, that the Developer has the financial capability to acquire the Site and complete the Developer Improvements. Such evidence of financing shall include the following: (a) a copy of a legally binding, firm and enforceable loan commitment(s) obtained by the Developer from unrelated financial institutions for the mortgage loan or loans for financing to fund the construction and completion of the Developer Improvements, subject to such lenders' reasonable, customary and normal conditions and terms; or (b) a certification from the corporation comptroller of the Developer that Developer has sufficient funds for such construction, and that such funds have been committed to such construction.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leases-back are to be permitted before completion of the construction of the Developer Improvements with the Agency's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing the construction of the Developer Improvements; permanent financing; and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Developer Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and lease-back. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Agency, which approval the Agency agrees to give if any such conveyance for financing is given to a responsible financial lending institution or person or entity ("Lender"). The Developer may enter into a conveyance for financing after the completion of the Developer Improvements as evidenced by the issuance of the Release of Construction Covenants as set forth in Section 311 hereof without the approval of the Agency.

311.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Developer Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to

construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure.

With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency delivers any Default Notice or demand to the Developer with respect to any breach or default by the Developer in completion of construction of the Developer's Improvements, the Agency shall deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand if the Developer fails to cure the Default within the time set forth in Section 501 hereof. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Developer Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 311 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

311.5 Failure of Holder to Complete Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from the Agency of a default by the Developer in completion of construction of any of the Developer's Improvements under this Agreement, and such holder has not exercised the option to construct as set forth in Section 312.4, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

- (d) The costs of any improvements made by such holder;
- (e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and
- (f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Developer's Improvements or any part thereof. Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Development Property to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust pursuant to this Section 312.

400. COVENANTS AND RESTRICTIONS

401. Covenant to Use Site In Accordance with Redevelopment Plan. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof that the Developer and such successors and assignees, shall devote the Site only to those uses specified or permitted in the Redevelopment Plan and this Agreement for the periods of time specified therein. A copy of the Redevelopment Plan has been previously delivered to Developer.

402. Maintenance Covenants. Developer covenants and agrees for itself, its successors and assigns and any successor in interest to the Site or part thereof to maintain the Site and all improvements thereon in compliance with the terms of the Redevelopment Plan and with all applicable provisions of the City of Ridgecrest Municipal Code, including participation in a 1972 Lighting and Landscaping Maintenance District currently under formation.

403. Nondiscrimination Covenant. Developer covenants and agrees for itself; its successors, assigns that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, handicap, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself, or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenant shall run with the land.

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, handicap, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) *In deeds*: "The grantee herein covenants by and for himself or herself, his heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, handicap, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) *In leases*: "The lessee herein covenants by and for himself or herself, his heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, handicap, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

(c) In contracts relating to the sale, transfer or leasing of the Site or any interest therein: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, handicap, ancestry or national origin, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the City and any successor in interest to the Site, together with any property acquired by Developer pursuant to this Agreement, or any part thereof

404. Effect of Violation of the Terms and Provisions of this Agreement. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

The covenants contained in this Agreement shall remain in effect for the term of the Redevelopment Plan that is until November 19, 2026; provided however, that notwithstanding the foregoing, the use covenant set forth in Section 502 hereof shall remain in effect for the period of time set forth therein and the covenants against discrimination, as set forth in Section 504 hereof, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to the extensions of time set forth in Section 702 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this Agreement. A party claiming a Default (the "Claimant") shall give written notice to the other party specifying the alleged grounds for the Default (the "Default Notice"). Except as otherwise expressly provided in this Agreement, the Claimant shall not institute any proceeding against any other party and the other party shall not be in Default if such party within forty-five (45) days from receipt of the notice required by this Section 501 immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Kern, State of California, in an appropriate municipal court in that county, or in the United States District Court for the Eastern District of California.

503. Termination by Developer. Prior to the Conveyance of the Site to the Developer, in the event of any other Default of the Agency, which is not cured within the time set forth in Section 501 hereof, and provided that the Developer is not in Default of this Agreement, this Agreement may, at the option of the Developer, be terminated by Notice thereof to the Agency. From the date of the Notice of termination of this Agreement by the Developer to the Agency and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

504. Termination by Agency. Prior to the Conveyance of the Site to the Developer, in the event of any other Default of the Developer, which is not cured within the time set forth in Section 501 hereof, and provided that the Agency is not in Default of this Agreement, this Agreement may, at the option of the Agency, be terminated by Notice thereof to the Developer. From the date of the Notice of termination of this Agreement by the Agency to the Developer and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

505. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made in such manner as may be provided by law.

506. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

507. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and 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.

508. Applicable Law. The laws of the State shall govern the interpretation and enforcement of this Agreement.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") required or permitted under this Agreement must be in writing and shall be sufficiently given if delivered by hand (and a receipt therefor is obtained or is refused to be given) or dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by telecopy or overnight delivery service to:

To Agency: Ridgecrest Redevelopment Agency
100 W. California Avenue
Ridgecrest, CA 93555
Attention: Executive Director

To Developer: CNM Holdings I Ltd.
Mark Crisci
7708 Via Cortona
San Diego, CA 92127

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 801.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: litigation challenging the validity of this transaction or any element thereof or the right of either party to engage in the acts and transactions contemplated by this Agreement; inability to secure necessary labor materials or tools; or withdrawal of financing not caused by any act or omission of the Developer; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to

the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within forty-five (45) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Agency and the Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Non-Liability of Officials and Employees of Agency and Developer. No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

604. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site. Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Site.

605. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director of Agency or his designee is authorized to act on behalf of Agency unless specifically provided otherwise or the context should require otherwise.

606. Commencement of Agency Review Period. The time periods set forth herein for the Agency's approval of agreements, plans, drawings, or other information submitted to the Agency by the Developer and for any other Agency consideration and approval hereunder which is contingent upon documentation required to be submitted by the Developer shall only apply and commence upon the Developer's complete submittal of all the required information. In no event shall an incomplete submittal by the Developer trigger any of the Agency's obligations of review and/or approval hereunder; provided, however, that the Agency shall notify the Developer of an incomplete submittal as soon as is practicable and in no event later than the applicable time set forth for the Agency's action on the particular item in question.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in four (4) originals, each of which is deemed to be an original.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 26 and

Attachment Nos. 1 through 8, which constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees. Costs recoverable for enforcement of any judgment shall be deemed to include reasonable attorneys' fees.

610. Real Estate Brokerage Commission. Except for David Erickson of Coldwell Banker, whose commission shall be paid by Agency, Developer and Agency warrant that they have not dealt with any other broker in connection with this transaction, and each party, as to its own actions, agrees to indemnify and defend the other from all persons claiming fees or compensation in connection with this transaction.

611. Project Sign. Developer agrees to construct, erect, and maintain upon the Site during construction and until the issuance of a the Release of Construction Covenants pursuant to Section 311 of this Agreement, a project sign which identifies the development as an Agency assisted activity.

612. Ceremonies. To insure proper protocol and recognition of Agency Board members the Developer shall cooperate with Agency staff in the organization of any project-related ground breakings, grand openings or any other such inaugural events/ceremonies sponsored by the Developer celebrating the development which is the subject of this Agreement. At least two weeks prior to any such event, the Developer shall provide Agency staff with a completed Event Information Form to be supplied by the Agency upon the Developer's request.

613. Administration. This Agreement shall be administered and executed by the Agency's Executive Director, or his designated representative, following approval of this Agreement by the Agency. The Agency shall maintain authority of this Agreement through the Executive Director (or his authorized representative). The Executive Director shall have the authority to issue interpretations, waive provisions and enter into amendments of this Agreement on behalf of the Agency so long as such actions do not substantially change the uses or development permitted on the Site, or add to the costs to the Agency as specified herein as agreed to by the Agency Board, and such amendments may include extensions of time specified in the Schedule of Performance. All other waivers or amendments shall require the written consent of the Agency Board,

614. Amendments of Agreement. The Developer and the Agency agree to mutually consider reasonable requests for amendments to this Agreement. The Developer shall be responsible for the costs incurred by the Agency, including without limitation attorneys' fees (the "Developer Costs"), in connection with any amendments to this Agreement which are requested by the Developer (the "Developer Request"). The Developer shall be responsible for payment of the Developer Costs as provided in this Section 614 regardless of the outcome of the Developer Request.

615. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

616. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

617. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

618. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

619. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

620. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens) and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

621. Legal Advice. Each pat represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

622. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

623. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

624. Conflicts of Interest. No member, official or employee of Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or

the interests of any corporation, partnership or association in which he is directly or indirectly interested.

625. Time for Acceptance of Agreement by Agency. This Agreement, when executed by Developer and delivered to Agency, must be authorized, executed and delivered by Agency on or before twenty five (25) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

IN WITNESS WHEREOF, the Agency and the Developer have signed this Agreement on the respective dates set forth below'.

AGENCY:

RIDGECREST REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: 11/2/06, 2006

By: Harvey M. Rose
Harvey M. Rose, Executive Director

ATTEST:

Rita Gable
Rita Gable, Secretary



DEVELOPER:

CNM HOLDINGS I LTD., a Texas limited partnership

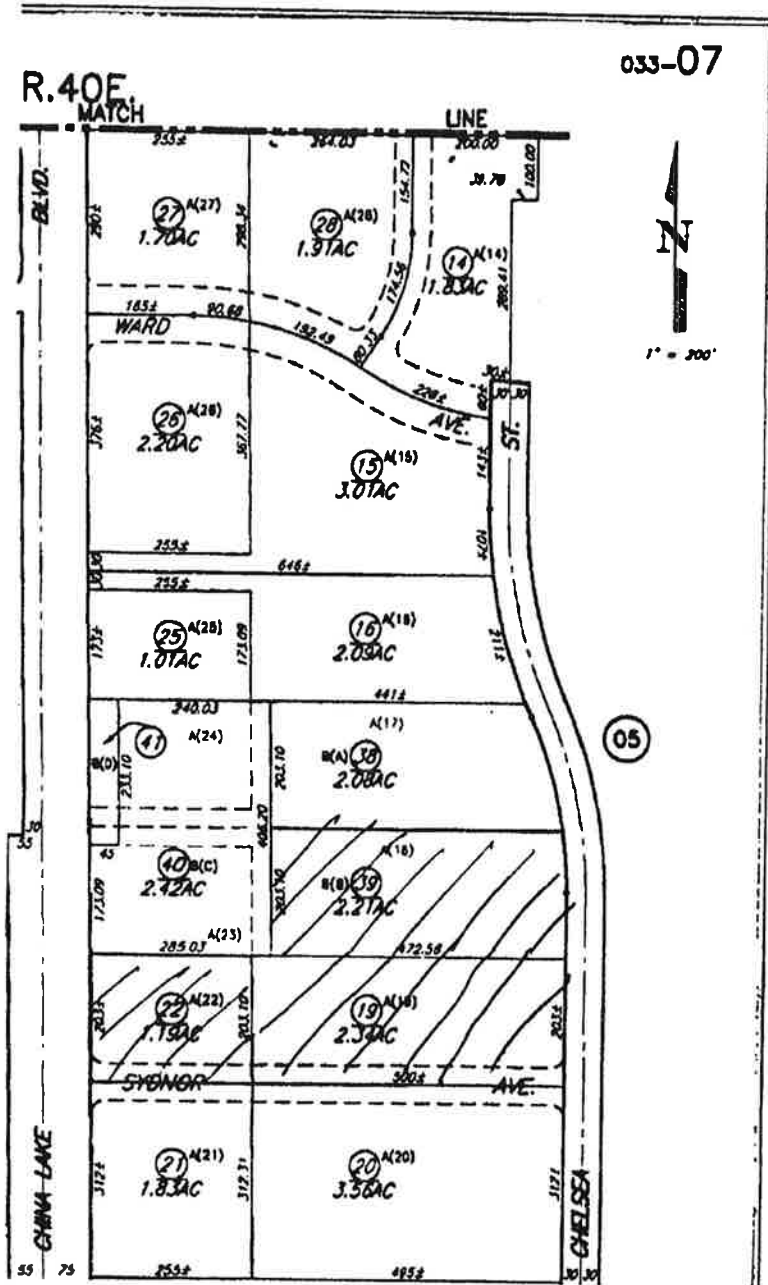
By: **CNM Holdings Management I LLC, a Texas limited liability company, its General Partner**

Dated: _____, 2006

By: Mark D. Crisci
Mark D. Crisci, Manager

ATTACHMENT NO. 1

SITE MAP



ATTACHMENT NO. 2

LEGAL DESCRIPTION

**PARCEL 18, 19 AND 22 OF PARCEL MAP 10819, AS SHOWN ON A MAP RECORDED IN
BOOK 52, PAGE 130 OF MISCELLANEOUS MAPS, RECORDS OF KERN COUNTY,
CALIFORNIA.
RIDGECREST, CALIFORNIA**

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

1. **Agency Provides Documentation of Exceptions to Title.** Agency shall provide the Developer with the Report and legible copies of the documents underlying the Exceptions set forth in the Report. Agency will order report within two (2) working days of the execution of this Agreement by Agency and City Council and will deliver a copy thereof upon receipt.
2. **Developer Approval/Disapproval of Exceptions.** Developer shall provide Agency with written notification of Developer's approval or disapproval of the Exception(s) set forth in the Report. Within thirty (30) days after Developer's receipt of legible copies of the documents underlying the Exceptions referred to in the preceding Section 1.
3. **Agency Removes Disapproved Exceptions.** If Developer provides Agency with written notification of Developer's disapproval of Exception(s) set forth in the Report, Agency may cause such disapproved Exception(s) to be removed or provide measurable assurance that such Exception(s) will be removed on or before the Closing. Within thirty (30) days after receiving written notice of Developer's disapproval.
4. **Developer Election to Proceed or Terminate.** Developer may elect to terminate this Agreement on or prior to the end of the Due Diligence Period as provided in Section 202.5 Not later than 90 days from the date of this Agreement.
5. **Opening of Escrow.** The parties shall open escrow with the Escrow Agent. Within the ten (10) business days of the execution by Agency of this Agreement.
6. **Close of Escrow.** The Escrow for the conveyance of the Disposition Site to the Developer shall close. Within thirty (30) days of the parties' satisfaction of all of Agency's and the Developer's conditions precedent but in no event later than the Outside Date unless extended pursuant to Section 202.4
7. **Submittal of Construction Drawings.** The Developer shall submit Construction Drawings for consideration by the Agency and the City. Submitted serially as soon as practical after approval of this Agreement.

- | | | |
|-----|--|---|
| 8. | <u>Consideration of Construction Drawings by the Agency.</u> The City shall consider and approve or disapprove the Construction Drawings submitted by the Developer. | Within thirty (30) business days of the Developer's submittal of the Construction Drawings. |
| 9. | <u>Start of Construction of Hotel.</u> The Developer shall start grading and construction of the hotel on the Site. | On or before 180 days following Developer's obtaining all requisite permits and approvals but in any event not beyond 24 months from the Date of this Agreement. |
| 10. | <u>Start Construction of Office Building.</u> Developer shall commence construction of the office building on the Site. | Within 36 months of issuance of a certificate of occupancy of office space located at 105 E. Sydnor Avenue, Ridgecrest, CA or within 12 months following the date that the office space referred to herein is 80% leased, whichever occurs first. The Agency will conduct biannual reviews of Developer's progress for construction of office building. |
| 11. | <u>Start of Construction of Restaurant.</u> Developer shall have entered into an agreement for the sale and development of a casual dining restaurant. | Within 36 months of issuance of the certificate of occupancy referred to in item 10. |
| 12. | <u>Submittal of Certificates of Insurance.</u> Developer shall furnish all Certificates of Insurance as required pursuant to Section 307 of the Agreement. | Prior to commencement of construction of Developer Improvements. |
| 12. | <u>Completion of Construction of Hotel.</u> Subject to the provisions of Section 602 of this Agreement, the Developer shall complete the Developer Improvements. | Within sixteen months from the start of construction pursuant to paragraph 9 above. |

It is understood that the foregoing Schedule of Performance is subject to all terms and conditions set forth of this Agreement. The summary of the items of performance in this Schedule of Performance is not intended to supersede or modify the more complete description in the text; in the event of any inconsistency between this Schedule of Performance and the text of this Agreement, the text shall govern.

The time periods set forth herein for the City's approval of plans and drawings, and other submittals, submitted to the City by the Developer shall only apply and commence upon the Developer's complete submittal of all the required information. In no event shall an incomplete submittal by the Developer trigger any of the City's obligations of review and/or approval hereunder; provided, however, that the City shall notify the Developer of an incomplete submittal as soon as is practicable and in no event later than the applicable time set forth for the Agency's action on the particular item in question.

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

I. DEVELOPMENT STANDARDS OVERVIEW

The Improvements to be constructed on the Site shall be of high architectural quality, shall be well landscaped, and shall be effectively and aesthetically designed consistent with a concrete tilt-up, masonry building or such other material as may be approved by the City. The Developer's plans, drawings, and proposals submitted to the City for approval shall describe in reasonable detail the architectural character intended for the Improvements. The total development shall be in conformance with the Redevelopment Plan for the Ridgecrest Redevelopment Project and the recorded Covenants Conditions and Restriction (CC&R's)

II. DEVELOPER IMPROVEMENTS

The Developer shall develop at Developer's expense a 23,000 to 30,000 sq. ft. office building, and a 82-92 room Hampton Inn and Suites Hotel or equivalent and a casual dining restaurant similar to, but not limited to, Chili's or Applebee's. The Developer shall be responsible for the design and construction of the Site. The facility shall be developed in accordance with the Developer's plans, drawings and proposals submitted to and as approved by the Agency and the City. Additionally, the Developer shall comply with any conditions of approval for on-site and offsite development improvements, subject to the provisions of Section 305, which may be prescribed under any discretionary permits required for approval of the Developer's proposal. The facility shall be developed in accordance with development standards of the City of Ridgecrest.

III AGENCY IMPROVEMENTS

The Agency shall be responsible for providing necessary utilities to the Site, including water, sewer and electricity.

This Page Intentionally Left Blank